



Daily Report

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12 December 1988

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

'News Analysis' of Soviet Troop Cut Proposal

OW1012192388 Beijing XINHUA in English
0829 GMT 9 Dec 88

["News Analysis: Why Gorbachev Proposes Arms Cut by 500,000? (Zhu Chengjun And Wang Xianju)"]—XINHUA headline]

[Text] Moscow, December 9 (XINHUA)—Soviet leader Mikhail Gorbachev's recent U.N. disarmament proposals indicate that his defense theory will abandon the arms race and that manpower and money thus freed up from armaments production can be put to realizing his economic reform package.

In his first speech Wednesday at the United Nations, Gorbachev announced his unilateral decision to trim Soviet Armed Forces by a half million men over the next two years and also remove from Eastern Europe six tank divisions totalling 50,000 troops and 5,000 tanks by the end of 1991.

The Kremlin leader made the decision for sound international and domestic reasons.

A more relaxed world situation has created external conditions for the move. The Soviet Union and the United States are successfully implementing last December's accord on scrapping their shorter- and medium-range nuclear arms. Meanwhile an agreement on halving their strategic nuclear arsenals is also likely. The improved relations between the two superpowers in recent years have created a relatively stable world situation instead of the once intense one, dictated by the superpowers' long-standing turbulent arms race, with soaring military expenditures and expanded armed forces battling for military superiority.

The arms cut move is seen as an indication of Gorbachev's defense theory. Gorbachev told the U.N. that excessive armed forces should be replaced by a "reasonable sufficiency" of defense, a principle he said, "that is a new historic reality before everyone... After a major cutback of tanks, it (the Soviet Army) will become clearly defensive."

Gorbachev [word indistinct] stated that "foreign policies can no longer rely on armed forces or threat by arms."

Criticism from the West on the superiority of Soviet conventional forces is also one of the reasons for the proposals.

The proposals were also made because of heavy military spending. An estimated 1.0 billion dollars spent annually on military production has proved a burden seriously hampering the national economy.

The country has seen a big step forward in its political reform but a snail's pace in its economic reform. Given this, the cut in Soviet arms and cutbacks in its conventional forces in Eastern Europe will nevertheless increase the country's labor force as well as relieve the military burden.

Earlier, the government decided to transfer two-thirds of its military industries into civilian ones, starting from next year. This will undoubtedly contribute to speeding up the nation's economy and raising citizens' living standards.

'Analysis' Views 'Christmas Gift'

OW1112072188 Beijing XINHUA in English
0700 GMT 11 Dec 88

["Analysis: Gorbachev's 'Christmas Gift' 'by Le Zhude)"]—XINHUA headline]

[Text] Brussels, December 10 (XINHUA)—Soviet leader Mikhail Gorbachev's recent announcement of reducing 500,000 Soviet troops was warmly welcomed by the West and deemed as a "Christmas gift" to U.S. President-elect George Bush.

Western analysts also regarded Gorbachev's gesture as a "gift" to the Western European countries, which will directly participate in the negotiations on conventional weapons scheduled for early 1989 and are bothered by the imbalance of conventional weapons between the East and West.

Previous negotiations on nuclear weapons were conducted mainly between the Americans and Soviets.

The Western European countries have repeatedly called for negotiations on "unequilibrium" reduction of conventional weapons.

The Soviet intention to reduce half a million of its conventional forces was just what Western Europe desired.

The intended reduction of Soviet forces was equivalent to one-third of its troops deployed in Europe. Gorbachev's announcement convinced the Western Europeans that "the Soviet military offensive posture is being reduced."

Analysts said the Soviet gesture was meant to improve its relations with Western Europe, relieve its burden of defense expenditure and provide more funds for the Soviet reform.

During recent years, the Soviets have taken the initiative in promoting economic and technological relations with Western European countries. Gorbachev's move to cut Soviet troops would "open the gate wider" for Soviet-Western European cooperation in economic and technological fields.

Another purpose of the Soviets' presenting the "Christmas gift" was to weaken the defense effort of Western Europe and dampen the defense cooperation between the Americans and West Europeans.

The relaxation of tension between the two superpowers has induced the Western European countries to cut their defense expenditures this year and sharpened the difference between the U.S. and Western European countries over defense obligations.

Gorbachev's troop-reduction announcement will also strengthen the call for a U.S. troop withdrawal from Western Europe.

However, while welcoming Gorbachev's move, Western European countries complained that the Soviet troop reduction was not enough, as it would not change the military imbalance between the East and West.

Commentary Views Gorbachev's U.S. Meeting
HK1012021888 Beijing RENMIN RIBAO
OVERSEAS EDITION in Chinese 10 Dec 88 p 6

[Commentary by correspondents Zhang Qixin (1728 0796 2500) and Cang Lide (0221 4539 1795): "A Meeting for Connecting the Present With the Future"]

[Text] Washington, 8 Dec—Soviet leader Gorbachev had an out-of-the-ordinary meeting with U.S. President Reagan and President-elect Bush on Governor's Island, New York, at noon on 7 December. During the luncheon meeting, which lasted more than 2 hours, the three leaders of the two countries expressed satisfaction with the gathering and held that this brief meeting was helpful for the future development of U.S.-Soviet relations and marked "the start of a new stage." It can be said that in the present stage of U.S.-Soviet relations, this was a meeting for connecting the present with the future and paving the way for continued dialogue between the two countries.

It was by no means accidental that this U.S.-Soviet summit meeting was held at this time. People have noted that the Soviet Union has adopted a posture of positive initiative throughout the period before and after this meeting. When the result of the U.S. presidential election became known, not long after Bush won his victory, the Soviet Union proposed a summit meeting with the United States. Although the United States had not expected this, it adopted a welcoming attitude.

The question of U.S.-Soviet relations occupies an important position in the foreign policy of the two countries. Obviously, the detente in their relations in recent years has been in their interests. How to maintain the momentum of dialogue and continue to improve relations have become major topics in the foreign relations of the two countries. In particular, the Soviet Union, which needs to develop its domestic economy and is facing a crucial moment in reform, must readjust its foreign policy in a

bold and resolute fashion, improve relations with the United States, and create a favorable international environment. However, after the U.S.-Soviet summit meeting in Moscow in May and June, the United States presidential race entered the crucial period and for several months the main effort of the Reagan administration was focused on the election. Taking a general view, due to the U.S. election and the forthcoming change in administration, U.S.-Soviet relations have been more or less static. After Bush's election victory, he indicated that he would maintain the continuity of Reagan's policy toward the Soviet Union. This created an opportunity for the Soviet Union. It was against this background that the Soviet Union immediately launched new diplomatic moves in the hope that through a meeting with the U.S. President and president-elect, post-Reagan Soviet-U.S. relations would be predictable and show continuity, so as to "inject more vitality into promoting Soviet-U.S. dialogue and expanding relations of cooperation." From the U.S. angle of maintaining foreign policy continuity, holding a summit meeting "of nontraditional significance" would also do no harm.

The Soviet-U.S. summit meeting on Governor's Island was a rare event in the history of postwar international relations. No formal agenda was laid down, and the two sides could hold free discussions; and apart from the supreme leaders, a supreme leader who has been elected but has not yet taken office participated. As public opinion here has pointed out, such a meeting was in the nature of "passing on the torch." Judging by this meeting, the two sides did not engage in arguments over specific issues, nor did they reach agreement on any issue. Instead, each side made known its future intentions. Judging by recent Soviet official comments, the two sides expressed a desire to maintain continuity in their relations and to continue dialogue. Gorbachev said that Soviet-U.S. relations have taken a good turn in substance and in atmosphere in recent years, and he expressed the hope that their relations of cooperation will be still closer during Bush's term of office. Reagan for his part hoped that the next administration will continue to make new achievements with the Soviet Union on the existing basis. With regard to some proposals made by Gorbachev at the UN General Assembly, although the United States has not made its views known, President Reagan hailed the speech at a press conference today, and also stated that progress and even some breakthroughs could be seen in it.

Of course, this brief summit meeting could only create an atmosphere for future U.S.-Soviet relations. However, it is universally felt here that Gorbachev's New York trip was a success and that his meeting with Reagan and Bush was a major event whose significance should not be neglected.

Further Reaction to Qian Qichen's USSR Visit
HK1012040488 Beijing RENMIN RIBAO in Chinese
7 Dec 88 p 6

[Report by Fang Xuan (2455 5503): "Public Media, Political Figures of Various Countries Say Chinese Foreign Minister's Visit to USSR Significant"]

[Text] Public opinion around the world has welcomed and generally attached importance to the visit Qian

Qichen, our country's foreign minister, made to the Soviet Union 1-3 December and the beginning of the normalization of relations process between China and the Soviet Union. Public opinion and political figures from various countries have published articles one after another, pointing out that the Chinese foreign minister's successful visit to the Soviet Union carried great significance. The normalization of Chinese-Soviet relations will not only be favorable to the security and stability of the Asian Pacific region, but world peace as well. The meeting of the heads of the two countries, to be held next year, will have strategic significance.

Asian countries generally consider that normalization between China and Soviet Union is a good thing because it will help strengthen peace and stability in Asia. The primary concern of the ASEAN countries is the Cambodia problem, and they hope that the talks between the Chinese and Soviet foreign ministers will promote Vietnam to make progress on the time of its military pullout. An article in Japan's SANKEI SHIMBUN pointed out that the talks between Foreign Minister Qian Qichen and General Secretary Gorbachev on Sino-Soviet relations carry, from beginning to end, constructive contents, and people expect that the Soviet foreign minister's visit to China next year will achieve more notable results. Japan's MAINICHI SHIMBUN carried an editorial which said: "There is no doubt that the meeting of the heads of China and the Soviet Union, upon which the world's attention is focused, is going to materialize." The editorial went on to remark that there is no need to be oversensitive about this. Instead, a sober and sensible attitude should be adopted, because China and the Soviet Union are seeking to build new, good-neighborly relations, not the allied relations as witnessed in the 1950's. Therefore, the editorial commented, "Japan needs not mind China and the Soviet Union seeking to bring about a normalized relationship. Instead, Japan should develop, as it has been doing in the past, relations with China."

Newspapers of East European countries all printed reports on Foreign Minister Qian Qichen's visit to the Soviet Union. Some newspapers see the official, friendly visit to the Soviet Union by Chinese Foreign Minister Qian Qichen as a very important event in the relations between the two countries in recent decades. The visit could [ke neng 0668 5174] pave the way for a Sino-Soviet summit meeting next spring. The summit will not only be in the interests of the peoples of both countries but favorable to peace and security in Asia and the rest of the world as well. Polish newspapers commented that "there will be no better news in 1989 than this one." Bulgaria's WORKERS' CAUSE printed an article that said: "An all-around dialogue to effect the normalization of the two countries carries great significance for the world situation in moving toward a positive condition."

West European countries have paid close attention to the Moscow trip by the Chinese foreign minister. France's newspapers commented that the talks between the heads

of China and the Soviet Union will mark, after a cold spell of 30 years, the normalization of relations between the two countries. Western diplomats have said that, compared with the warm "fraternal love" in the 1950's, Chinese-Soviet relations will be built on a "more realistic" basis.

In a news dispatch from Moscow on 3 December, Wanker Dobbs, a WASHINGTON POST correspondent, quoted one Western diplomat as saying that there is nothing for the United States to worry about concerning the highest-level meeting between China and the Soviet Union, for these two communist countries will not again become strategic allies.

The U.S. LOS ANGELES TIMES published a comment quoting U.S. strategists as saying that "the easing of tension between the two countries may ultimately make the whole region more secure."

Soviet Troop Withdrawal From Mongolia Viewed
HK1012092088 Hong Kong HSIN WAN PAO
in Chinese 10 Dec 88 p 1

["New Talk" column: "Soviet Troop Withdrawal From Mongolia Not Yet Completely Resolved"]

[Text] Yesterday word reached us from Ulaanbaatar, the Mongolian capital, that the Mongolian authorities welcome the announcement Soviet leader Gorbachev made at the UN General Assembly that the Soviet Union will continue to withdraw its troops from Mongolia.

In his UN General Assembly speech on the Soviet Union's unilateral troop reduction of 500,000 men, Gorbachev stressed the reduction of Soviet troops stationed in the East European countries. He also revealed that the majority of the Soviet troops stationed in Mongolia will be withdrawn and transferred back to the Soviet Union in 2 years.

It is understandable that Mongolia should welcome this announcement. What merits our attention is the speech delivered by Daramyn Endon, the Mongolian first deputy foreign minister, in which he said: If relations with China continue to improve, all Soviet troops will be withdrawn. "We do not need foreign troops."

These remarks show that Mongolia thinks that there will be some time between the withdrawal of the majority of Soviet troops and the complete withdrawal. We will have to wait and see how the Soviet Union and Mongolia are going to settle this between themselves.

There recently have been some new developments in Sino-Mongolian relations. Before Chinese Foreign Minister Qian Qichen embarked on his visit to the Soviet Union, China and Mongolia signed a treaty on boundary regime and handling border issues. It is the first such treaty China has signed with its neighbors. Mongolian First Deputy Foreign Minister Daramyn Endon, who

called for the complete withdrawal of Soviet troops in his speech, was the person who went to Beijing to sign the treaty. He also revealed that the Mongolian foreign minister will visit China next year.

At a Chinese Foreign Ministry press conference presided over by Spokesman Li Zhaoxing, someone asked him to comment on the withdrawal of the majority of Soviet troops. Li Zhaoxing's answer also had two sides.

He first said: This is a positive development. China welcomes it. And then, he pointed out: At the talks held during his stay in the Soviet Union, Foreign Minister Qian Qichen also mentioned the question of Soviet troops stationed in Mongolia, expressing his hope that the Soviet Union will withdraw all its troops from the country and that the troops stationed on Sino-Soviet borders will be reduced to a number commensurate with their normal good-neighborly relations.

In his UN General Assembly speech, Gorbachev mentioned only one of these two demands and his guarantees were just for one of them. Most, not all, of the Soviet troops stationed in Mongolia will be withdrawn. And he did not even touch on the question of reducing the troops stationed on Sino-Soviet borders, although Soviet Foreign Minister Shevardnadze had indicated that troops stationed on Sino-Soviet borders will also be reduced.

Qian Qichen also requested that the Soviet troops withdrawn from the Eastern front not be transferred to other areas. It seems that this is intended to avoid giving East and West European countries the impression that China is encouraging the Soviet Union to extend its battle front [2059 4775] westward. Gorbachev specially mentioned the transfer of troops stationed in Mongolia back to the Soviet Union. It seems that he has accepted this proposal.

The spokesman for the Chinese Mission to the United Nations also welcomed Gorbachev's UN General Assembly speech. However, this person also revealed that the Chinese and Soviet Governments are still negotiating on the question of the withdrawal of Soviet troops from Mongolia. Therefore, although it can be seen that the Soviet Union has taken a step, the question of whether or not all Soviet troops will be withdrawn is still not yet completely resolved.

The Soviet Union also has not indicated clearly its position on a final political solution to the problem of the Vietnamese invasion of Cambodia. We will have to wait and see how Shevardnadze is going to handle all this while visiting Beijing next year.

Mongolian Foreign Minister To Visit
OW0912175288 Beijing XINHUA in English
1626 GMT 9 Dec 88

[Text] Ulaanbaatar December 9 (XINHUA)—Mongolian First Vice Foreign Minister Daramyn Endon welcomed Soviet leader Mikhail Gorbachev's pledge to reduce Soviet troop strength in Mongolia today and said the process already has begun.

Endon told a press conference that Mongolia and the Soviet Union have agreed to make large cuts in Soviet forces in Mongolia in order to strengthen mutual understanding and trust with other Asian countries, particularly China.

He said all Soviet troops could be pulled out if relations with China continue to improve.

Endon praised the recent progress toward normalization of Mongolian-Chinese Government and party relations that has accompanied the warming trend between China and the Soviet Union.

Gorbachev told the U.N. General Assembly on Wednesday [7 December] that he planned to reduce the Soviet Army by nearly 10 percent and unilaterally reduce the Soviet troop presence in East Europe and Mongolia.

Endon refused to give specifics on how many Soviet troops will be pulled out of Mongolia or when they will leave, but he announced that Mongolian Foreign Minister Mangal Dugersuren will visit China next year, the first such high-level visit since the Chinese-Soviet split.

"We believe the visit will be a major step toward the development of Mongolian-Chinese relations," he said.

Gorbachev Consolidates Soviet-Indian Ties
OW0912070488 Beijing BEIJING REVIEW
in English 5-11 Dec 88, p 12

[Article by Gui Tonghcnag on Soviet-India Relations]

[Text] Soviet leader Mikhail Gorbachev paid his second official visit to India from November 18-20. The first was in November 1986. India is the only Asian country Gorbachev has toured twice since he became chief of the Kremlin in 1985. This has highlighted the importance of India in regard to Soviet-Asian diplomacy.

During the latest visit, Gorbachev held talks with Indian Premier Rajiv Gandhi on bilateral ties, regional questions and the international situation. Upon conclusion, they released a joint declaration supporting the current momentum towards world disarmament. They also called for international relations to be based on democratic and humanitarian principles.

Other finalized agreements envisage further exchanges in the fields of economy, trade, culture, science and technology. The two sides also decided to set up joint ventures and increase transfers in high technology.

Apart from receiving the India Gandhi Peace Prize and attending the closing ceremony of the Soviet Culture Festival organized by the host nation, Gorbachev came to India mainly to discuss the international situation.

Since assuming the office of general secretary of the Communist Party of the Soviet Union, Gorbachev has courted stronger relations with Asian-Pacific countries. He made two important statements on the Soviet policy towards the Asian-Pacific region in July 1986 and September this year, in Vladivostok and Krasnoyarsk respectively.

Gorbachev's overtures came at an opportune time. Recently, in the context of relaxed Soviet-U.S. relations, situation in this area of the world has improved accordingly. In Afghanistan, a political settlement has progressed; in Kampuchea, signs portend a solution to the unrest; and in Pakistan, a democratic election has just ended. Likewise, Sino-Soviet relations have improved somewhat, and Gandhi is due to visit China in December. Under such circumstances, Gorbachev's visit was a successful bid for mutual understanding and development.

For a long time, the Soviet Union and India have been developing political, economic and military bonds. As Moscow draws closer to other Asian-Pacific nations, New Delhi has increasingly felt its importance reduced in the Soviet diplomacy. To ease this concern, Gorbachev reaffirmed the existence of a "special relationship" between the two countries, which will not be affected by Soviet links with other countries.

This special relationship is reflected mainly in the Soviet aid to India. By the end of 1986, Soviet economic aid to India totalled U.S. \$5.4 billion, while military and defense aid amounted to U.S. \$5.1 billion at the end of 1985. In recent years, the Soviet Union also has provided India with MiG-29 fighter planes, which even Moscow's Warsaw Pact allies have not acquired. This year, the USSR added a nuclear submarine to India's arsenal.

Gorbachev's visit came on the eve of Gandhi's trip to China and Chinese Foreign Minister Qian Qichen's departure for the Soviet Union. Therefore, Gorbachev and Gandhi reportedly devoted considerable time to discussions on Sino-Soviet and Sino-Indian relations. Gorbachev, in his open speeches, emphasized China's role in Asian and world affairs and said that a good relationship among China, the Soviet Union and India is vital for the fate of Asia and world progress. "We're glad to see the signs of improved Indo-Chinese relations," he said, adding, "our own relations with China are also increasingly encouraging."

'Special Dispatch' Views India Visit

HK1212080988 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 49, 5 Dec 88 p 26

[Special dispatch from New Delhi by Tan Renxia (6223 0088 0204): "Gorbachev's Trip to New Delhi"]

[Text] Soviet leader Gorbachev visited India again, from 18 to 20 November. He made his first trip to India 2 years ago. These two visits within 2 years show that both Moscow and New Delhi want to develop relations between the two countries.

New Delhi gave the Soviet leader a rousing and warm welcome. During the visit, the leaders of the two countries stressed the importance of Indian-Soviet relations. Prime minister Rajiv Gandhi called Gorbachev "India's tested and trusted friend." Gorbachev said: "Without India's cooperation, it will be impossible to settle the problems of the Asian-Pacific region. The Soviet Union treasures and cherishes" its relations with India.

In the warm and friendly atmosphere, however, India's press circles disclosed that certain personages in India are worried that the Soviet Union will change its focus and treat India coldly due to the changing international environment. Such a worry indicates an habitual view, believing that Indian-Soviet relations are aimed at a third country. For this reason, they believe that the improvement in the relations between the Soviet Union and the third country will be disadvantageous to India.

True, the Soviet Union's political "new thinking" and the international trend of detente have exerted an influence on Soviet-Indian relations. Although some new changes may take place in bilateral relations in the new situation, the two leaders have expressed the necessity of consolidating and further developing Indian-Soviet relations.

The Soviet Union has always asserted that Soviet-Indian relations are very important, not only for the two countries but also for "universal security." Naturally, it looks upon its relations with India from the angle of its global strategy.

Although the social systems of the Soviet Union and India are different, the two countries maintain close political, economic, and military ties. This reminds people that the joint communique issued by both sides at the end of the visit particularly mentioned the 1971 Soviet-Indian Friendship and Cooperation Treaty which was of a paramilitary alliance nature, and said that it was the foundation for continuously developing relations between the two countries. Rajiv Gandhi disclosed that this 20-year treaty will be extended.

The agreement signed between the two countries stressed the further development of cooperation between the two sides in the economic, trade, science, technological, and cultural fields. The Soviet Union will grant a long-term loan of 3.2 billion rubles (\$5.1 billion) to finance India's power projects which includes full sets of equipment for two nuclear power stations each with a generating capacity of 100 million watts offered by the Soviet side. Both sides also decided to establish joint ventures and to increase exchanges and cooperation in the field of high-technology.

It seems that the Soviet Union will continue to help India build its heavy and basic industries. In this regard India cannot obtain investment and technology from the West easily. As the Soviet Union is now carrying out

economic reform however, the political factor in Soviet-Indian economic and trade relations will be further weakened. The Soviet Union may well focus its attention on economic interests, stress mutual benefit, and adopt the method of promoting exports with the aid granted.

The Soviet Union is the main supplier of heavy arms to Indian troops. The low price of weapons sold by the Soviet Union to India is indeed attractive. Nevertheless, India does not want to rely excessively on a certain arms supplier. Hence, it has adopted a principle of buying weapons from various countries.

The timing of Gorbachev's visit to India is noticeable. The normalization of Sino-Soviet relations is under progress. Rajiv Gandhi will visit China in December. An Indian official spokesman said that Gorbachev and Rajiv Gandhi spent a lot of time discussing Soviet-Chinese relations and Indian-Chinese relations. According to the Indian press, Gorbachev hoped that India would improve relations with China. At the end of the visit, Rajiv Gandhi said at the House of the People, that it is unlikely that Soviet-Indian relations will be affected because of the improvement in Soviet-Chinese relations.

'Roundup' on West European Ideas About USSR
OW0912142588 Beijing XINHUA in English
0244 GMT 9 Dec 88

["Roundup: WEU Sees Need for Dialogue With Soviets
(By Mao Ruiqing)"]—XINHUA headline]

[Text] Paris, December 8 (XINHUA)—The Western European Union (WEU) ended a four-day conference today with a call for more dialogue with the Soviet Union, but also with cautions about the need for nuclear deterrence in Western Europe.

The second-phase session of the WEU's 34th conference toned down its original strong criticism of the Soviet Union and looked to "new and more favorable prospects for political dialogues, cooperation and disarmament between the East and West."

The Paris-based WEU, established in 1954 to strengthen defense in Western Europe, consists of Belgium, France, Federal Germany, Italy, Luxembourg, the Netherlands, Britain, Spain and Portugal.

While advocating a relaxation of tension, disarmament and East-West cooperation, Charles Goerens, president of the assembly, emphasized that "deterrence still remains the basis for relaxation of East-West relations."

French Foreign Minister Roland Dumas said Western Europe should strive for East-West dialogue based on guaranteed security for Western Europe.

British Foreign Secretary Geoffrey Howe said Western Europe should remain vigilant, maintain deterrence as the basis for Western strategies and assure the modernization of nuclear weapons even if East-West relations improve.

He warned of the military reality that the Soviet troops are deployed in an offensive position.

Even if balance is achieved in conventional weapons, the West should retain its nuclear deterrence and not destroy its nuclear weapons, he said.

An inadequate evaluation of the West's defense is irresponsible, even though East-West relations might be relaxed, Howe said.

The assembly adopted a disarmament proposal which outlined the WEU's four objectives:

—Short-range nuclear weapons are basic to maintaining deterrence, and any disarmament efforts should focus on conventional and chemical weapons;

—Disarmament should be comprehensive and the establishment of a nuclear-free zone in Europe would be an unstable factor;

—Disarmament agreements should include verification measures acceptable to both sides; and

—Disarmament should be divided into different phases and security for all countries guaranteed.

In another proposal, the assembly called for the establishment of a European satellite bureau to verify disarmament agreements.

The assembly also discussed the Gulf situation in the wake of the Iran-Iraq cease-fire.

Representatives from Spain and Portugal, new members of the WEU, took part in the session for the first time.

French Minister Dumas described their membership as having "political significance".

Paper Reviews 'Trend of World Debt Issue'
HK1212121588 Beijing RENMIN RIBAO in Chinese 7
Dec 88 p 7

[Article by Guan Yanzhong (4619 1750 1813): "The Trend of the World Debt Issue at Present"]

[Text] It has been 7 years since the debt crisis of developing countries started in Mexico in August 1982. Despite great efforts by the relevant sides, the debt crisis has not been fundamentally resolved, and the situation

in some debtor countries has become even worse. Therefore the international community is required to make further efforts to explore new ways to resolve the debt issue to bring about the steady development of the world economy.

Heavy Debts Constitute the Biggest Obstacle to Development

As indicated by a World Bank report, the debts of developing countries rose from \$831 billion in 1982 to \$1,190 billion in 1987 and have been estimated to reach \$1,245 billion this year. The total debts account for 40 percent of the GNP's of the debtor countries. The foreign debts of Latin American countries account for one third of the total, amounting to \$410 billion, and African countries have incurred a debt of \$200 billion.

These debtor countries have to repay capital and interest totaling \$100 billion a year. Calculated according to the proportion of their repayment of capital and interest to their exports of commodities and labor services, 15 debtor countries have registered an average repayment rate of about 35 percent over the last few years, whereas some African countries' repayment rates range from 70 to 100 percent. Generally speaking, a country's repayment rate should remain below 15 percent, with a risk-bearing rate of 20 percent. Obviously, a high repayment rate directly affects the debtor country's investment and import ability and hampers its economic rehabilitation and development.

Logically speaking, developing countries need a large fund to develop their economies, but for the last few years their funds have been flowing into developed countries. Within the 5 years before 1982, developing countries registered a net capital inflow (total loan amount deducted by repayment of capital and interest) of \$140 billion. Due to the increase in their repayment of capital and interest and the decrease in commercial bank loans, developing countries registered a net capital outflow within 5 years after 1982, and the net capital outflow in 1986 and 1987 was \$60 billion. The net capital inflow from the IMF was \$5.5 billion in 1986 and \$8.6 billion last year. The net capital outflow from Latin American countries amounted to \$145.6 billion from 1982 to 1987, 94 percent of their favorable foreign trade balance during that period, almost counteracting the income from this favorable balance. Huge capital outflows are like removing the firewood from under the cauldron; they have caused the suspension and drops in production of some heavily indebted countries.

The constant increase in their debts and the large-scale decrease in their economic growth rates and income from exports have greatly weakened their ability to repay debts. Some African countries' ability to repay debts is almost nil. The decision taken in February last year by Brazil, the biggest debtor country, to postpone indefinitely, the repayment of the interest on its foreign loans

shocked international monetary circles. Early this year over 50 countries were forced to announce the postponement of their capital and interest repayment to the creditor countries.

Over the last few years, for the sake of applying for new loans to repay the old ones and make domestic investments, some debtor countries have no alternative but to accept the economic deflation policy proposed by the IMF, such as cutting their public spending, reducing their imports, devaluating their currencies, freezing their wages, and adjusting their economic structures. This has enabled them to maintain certain foreign trade surpluses, but at the expense of their economic growth rates and their standards of living. According to statistics compiled by the Latin American Economic Commission, Latin American countries' GNP's increased by 10.7 percent from 1982 to 1987, but their per capita output value dropped by 5.5 percent as a result of population growth in these countries during the same period. The situation in some debtor countries in Africa is even worse. A June IMF report admitted that the policy it forced on third world countries had damaged the interests of the poor people in these countries.

Adjusting the Loan Strategy Is a Must

Since the debt crisis in 1982, the international community's debt strategy has been encouraging commercial banks and monetary organizations in developed countries to provide funds for developing countries to help them rebuild their economies, carry out adjustments (mainly in their foreign trade departments), and improve their ability to repay their debts. But instead of enabling them to rebuild their economies, this strategy has made their debt burden heavier. Therefore, far-sighted people in some developing and developed countries have suggested adjusting the existing strategy and exploring new settlement methods. The UN secretary general urged that "bolder" action be taken on the basis of the original strategy so that the debt issue can be fundamentally resolved.

In 1985, some countries suggested some methods to resolve the debt issue, but these methods were quite limited. The well-known Baker plan failed because commercial banks did not support it. A series of suggestions for resolving the debt issue have been made since the beginning of this year, including those at the conference of the seven heads of state held in Toronto, the West Berlin annual meeting of the IMF and the World Bank, and the September UN General Assembly session.

The Group of 77 representing 127 developing countries recently adopted a Philippine proposal made at the UN General Assembly session concerning the formation of a debt and development advisory commission composed of people from academic, political, and monetary circles to take charge of the formulation of detailed measures for resolving the debt issue and to help develop the economies of Third World countries. The Group of 77

also urged strengthening international cooperation for the purpose of jointly tackling the debt crisis of developing countries. These proposals portray the just demand of developing countries and also correspond to the long-term interests of developed countries. Logically speaking, they should have received the attention of the international community. But some developed countries refuted these proposals on the grounds that they were "unrealistic."

The secretariat of UNCTAD suggested that creditor commercial banks provide a one-time, 30 percent debt exemption for the 15 heavily indebted countries and simultaneously offer a new loan of \$10 billion. The secretariat pointed out that this was the most realistic method to free the debtor countries from their predicament. World public opinion maintains however, that this is difficult to realize because it involves the interests of the creditor banks.

Some creditor countries suggested a joint action to increase loans to the debtor countries with a low income, while providing bilateral or multilateral loans for the debtor countries with a medium income, for the purpose of assisting these countries in making economic adjustments, turning some of their debts into bonds, and making rearrangements for the rest. Other countries suggested that the IMF form a fund to ensure the repayment of interest while debts are being turned into bonds. Still others proposed the establishment of an interest rate compensatory fund to prevent debtor countries from being affected by changes in interest rates coming from abroad. These suggestions have been well received by developing countries and are being trial-implemented. But the United States and some other creditor countries remain cold toward these suggestions. The international community is still exploring how to fundamentally resolve the debt issue of developing countries.

People have noted that although developed and developing countries have many differences with regard to the debt issue, they have paid attention to resolving it and are willing to consult and cooperate in this respect. The debt issue of developing countries is not just a regional problem or the economic problem of a small number of countries; it has become a worldwide economic and political issue, the solution of which requires joint and cooperative action throughout the world.

United States & Canada

'Roundup' Urges U.S. Open Trade Doors Wider
OW1012141688 Beijing XINHUA in English
1505 GMT 9 Dec 88

["Roundup: China Urges U.S. To Open Doors Wider (by correspondent Chen Ming)—XINHUA headline]

[Text] Washington, December 9 (XINHUA)—China today urged the United States to open its doors wider to Chinese products as the two large nations celebrate the 10th anniversary of the normalization of their relations.

On the first day of 1979, China and the United States declared the end of 30 years of confrontation, erecting a bridge across the Pacific for exchanges in economy, culture, science and technology.

Wang Pinqing, Chinese vice-minister of foreign economic relations and trade, said in an exclusive interview with XINHUA: "China is launching a modernization drive. I believe that as China's products improve in quality they will cater more to the needs of American markets."

At the same time, he continued, "China needs advanced technology and equipment for its ongoing modernization drive, and the United States may have bright prospects in China."

The vice-minister expected the United States to further relax controls over technology exports to China and get rid of all artificial obstacles so as to promote Sino-U.S. economic and trade development."

Over the past 10 years Sino-U.S. relations, especially economic and trade relations, have developed by leaps and bounds, Wang said. But he added that "there are still great potentials for development."

The United States has become China's second-largest trade partner after Japan. The Sino-U.S. trade volume jumped from 990 million U.S. dollars in 1978—the year preceding the normalization—to about eight billion U.S. dollars in 1987. It will hit nine billion U.S. dollars by the end of this year, according to the Ministry of Foreign Economic Relations and Trade.

American Ambassador to China Winston Lord predicted that the trade volume between the two countries would rise to 13 billion U.S. dollars this year.

Chinese statistics show that American investment in China has topped those of all other countries, with 570 projects involving a total contract value of 3.27 billion U.S. dollars. The cooperation covers a wide range of fields, including manufacture of aircraft, oil exploration and development, the production of machinery, equipment, motor vehicles and medicines, the processing of foodstuffs, and the construction of hotels.

At the same time, China has also set up more than 140 joint ventures or wholly Chinese-owned enterprises in the United States. Of the total, more than 80 are trade enterprises and the rest, non-trade enterprises.

Following the normalization of relations, the two countries signed such agreements like a Sino-U.S. trade relations [words indistinct] to which each grants the other the most-favored-nation treatment, co-operation agreements on industry, technology and fisheries, on avoiding dual taxation and tax evasion and on the peaceful use of nuclear energy.

However, U.S. investment in China only makes up one percent of the U.S.'s total overseas investment, while China's exports to the United States only account for 0.7 percent of U.S. imports. China's imports from the United States are only 1.9 percent of the U.S.'s total exports.

The vice-minister noted that some barriers still stand in the way of furthering Sino-U.S. economic and trade relations. Outdated U.S. legislation biased against China has not been revised; China has not enjoyed the generalized system of preferences, which should be extended to a developing country; imports of some Chinese commodities have been restricted by the United States; [words indistinct] technology transfers to China have been strictly controlled. Also, the two countries have not yet signed an investment protection agreement.

Despite the barriers, more and more people have come to see that both sides will benefit from expanding economic and trade relations, Wang noted.

Much has been achieved in the first ten years in the economic and trade exchanges between the two countries and the two sides will meet the challenges in the coming decade, the Chinese vice-minister concluded.

Paper Views Sino-U.S. Trade

HK1012022688 Beijing CHINA DAILY in English
10 Dec 88 p 2

[B; staff reporters Yuan Zhou and Qi Hongmin]

[Text] China wants more economic and trade co-operation with the United States as the two countries enter the second decade of the normalization of their relations.

In an effort to boost mutual investment, China is ready to try to negotiate once again a joint investment protection agreement, said a senior official at the Ministry of Foreign Economic Relations and Trade (MOFERT). Six previous rounds of negotiations starting in 1982 proved unsuccessful.

"The Chinese Government holds positive attitudes towards signing such an agreement with the U.S. Government and is ready to resume negotiations any time," said the official in charge of MOFERT's Treaties and Law Department.

Although some informal bilateral discussions on the issue are under way, the two countries still have a "distance" to go before they can reach agreement. They hold different views on treatment of investors, solutions of disputes and transfer of funds, he said.

Between January and September, 162 new U.S.-invested ventures with an investment of \$232 million were approved by the Chinese Government, according to MOFERT figures. To date, there are 570 U.S.-invested ventures with a contract investment of \$3.27 billion in China.

A few big American companies are negotiating new large-scale joint ventures in China. They will invest in the petro-chemical industry, machinery, electronics and other sectors, a MOFERT official said.

In the other direction, China has undertaken 116 investment projects in the United States, with a commitment of more than \$100 million.

In Sino-U.S. trade, the trade volume will hit a record this year, said Meng Deyi, the MOFERT official in charge of the bilateral trade relations.

Between January and October, the bilateral trade volume reached \$7.39 billion, 30.8 percent over the same period last year.

Trade was virtually nil before China and the U.S. normalized diplomatic relations on January 1, 1979. By 1987, the bilateral trade had jumped to \$7.8 billion, growing at an annual rate of 20 percent in recent years.

Meng pointed out that China's current exports to the United States are less than 1 percent of the total U.S. imports, and U.S. investment—though the largest foreign one in China—accounts for less than 1 percent of Washington's total overseas investment.

"The figures show that the development level of Sino-U.S. economic relations is far from commensurate with the size of our populations, resources, markets and the aggregate productive forces of our two countries, vice Foreign Minister Zhu Qizhen said.

The Chinese foreign trade officials hope the new U.S. government will resist domestic protectionist pressures, prevent unfair anti-dumping cases involving Chinese commodities and remove unfair trade barriers against China.

"The U.S. government should further relax its control over technology transfer to China," Meng said.

He said China has not been accorded a treatment as a "friendly, non-allied country." And among the countries in group "V" in the U.S. export control list, China is the only one subject to review by the Paris-based Consultative Group Co-operation Committee (COCOM) [Coordinating Committee for Mutual Export Controls] and to U.S. national security review.

So far, China has spent \$1 billion in introducing 672 technologies, mostly in hi-tech areas, from the United States. China hopes the increasing influx of U.S. investment in China will bring in more hi-tech know-how.

'News Analysis' of U.S. Discount Rate Policy
OW1212091588 Beijing XINHUA in English
0749 GMT 12 Dec 88

["News Analysis: Fed Likely To Raise Discount Rate (by Xue Limin)"]—XINHUA headline]

[Text] New York, December 11 (XINHUA)—With the strong employment figures for November and the higher-than-expected growth rate for the third quarter, the Federal Reserve is expected to raise its discount rate to take the sting out of inflationary pressure, probably after late December.

The government reported that the U.S. economy increased non-farm payroll jobs in November by 463,000, nearly twice the increase most economists had predicted. The figure could be revised downward later, but it still suggests the economy was too overheated.

The GNP (Gross National Product) growth rate for the third quarter was 2.6 percent. Many analysts believe it was still higher than the Fed had expected.

The third-quarter growth was virtually dragged down by the summer drought which hit many of the farming areas. If not for the drought, real output would have shown a 3.2 percent growth in the third quarter.

Wall Street is generally expecting a fourth quarter GNP growth well in excess of the economy's sustainable real growth potential of about 2.5 percent. Some even predict a 3.5 percent growth.

Many analysts predict the growth rate for the first quarter of next year will be over 4 percent.

The excessive pace of economic growth, at a time of high labor and capital resource utilization, raises the threat of accelerated upward pressure on wages and prices, so the Fed is expected to tighten credit by another notch in order to rein in inflation.

Since the first quarter of this year, the federal funds rate, the rate banks pay for overnight loans among themselves, has climbed to 8.5 percent from 6.5 percent. Yields on three-month treasury bills have soared to a three-year high of 8.25 percent from 5.75 percent, while the prime lending rate has been pushed up four times this year to 10.5 percent from 8.75 percent.

Analysts say the discount rate, now standing at 6.5 percent, will follow, but some of those analysts say the rise will not happen before late December or early January.

With the prime rate for major commercial banks raised by half a percentage point just two weeks ago, the Fed now needs some time before raising the discount rate to avoid jerking the economy drastically and creating too much volatility in financial markets.

According to Peter Crawford, economist and vice president of Citibank, "The Fed is very likely to hike the discount rate in early January" after the increase of demand for funds and hikes of interest rates in December, since "January provides a good window for the Fed to forestall an interest rate fall."

Federal Reserve Governor Martha Seger said there is a time lag between tightening moves and their effect. "The later moves are yet to be felt," she said.

Soviet Union

Li Peng Sends Earthquake Condolence Message
OW1012090888 Beijing in Russian to the USSR
1900 GMT 10 Dec 88

[Text] Li Peng, premier of the PRC State Council, sent a telegram expressing deep condolences to Comrade Nikolay Ivanovich Ryzhkov, chairman of the USSR Council of Ministers, in connection with the strong earthquake in the Armenian SSR.

The following is the text of the telegram:

To Comrade Nikolay Ivanovich Ryzhkov, chairman of the USSR Council of Ministers:

Having learned that a strong earthquake took place in the Armenian SSR, which caused serious damage and losses in human life, we express deep condolences to the government and people of the Soviet Union and sincere sympathy to families of victims in the Armenian SSR.

Red Cross Expresses Condolences
OW1012101088 Beijing in Russian to the USSR
1900 GMT 10 Dec 88

[Text] In connection with the strong earthquake in Armenia, the Red Cross Society of China sent a telegram on 9 December to the Union of Societies of the Red Cross and Red Crescent of the USSR.

The telegram says: We (?regretfully) learned that a strong earthquake, which caused enormous human and material losses, took place in the northern regions of Armenia. We express our deepest sympathy to and concern for the victims and wish you successes in the work of eliminating the consequences of the earthquake. We wish the residents of the regions the restoration of their homes as early as possible.

Article Discusses Pioneering Soviet Markets
SK0912063188 Harbin HEILONGJIANG JINGJI
BAO in Chinese No 92, 18 Nov 88 p 2

[Article by Tang Yanjiang, deputy manager of the Xinglong Economic and Technological Trade Company of Heilongjiang Province, entitled "Seize the Right Time to Achieve Success in Exporting Machinery and Electronic Products to the Soviet Union"]

[Text] During my recent participation in the export commodity trade fair in the Soviet Union's Amur Oblast, I inspected some markets and enterprises in the oblast.

Before I went, I thought that the Soviet Union was an industrial country and that our country's machinery and electronic products would find no big markets in the Soviet Union. However, the trade fair results indicate that the situation is not as expected. The Songhuajiang-brand minicars, Xingguang-brand trucks, small tractors, and washing machines, which were manufactured by our province's war industrial enterprises, were well received by clients. People visited the trade fair continuously from morning until night. They spoke highly of the minicars in particular. Both the outward appearance and the quality of the minicars left an extremely good impression on the Soviet people. They vied with each other to purchase the cars. After seeing the machinery and electronic products manufactured by our company, some factory leaders and technicians expressed confidence in our technology and hoped they would develop a long-term technological cooperation with us and develop processing and assembly industries with materials and specifications provided by our company. Besides, some clients hoped our company would provide them with food-processing machines, building machines, wood-working machinery, forestry machinery, and some regular facilities for factory use, including grinders and machine tools. They showed particular interest in the development of computers, automatic control, and software. That proved that our country's machinery and electronic products find a considerably good market in the border cities of the Soviet Union.

There is a world of difference between the Soviet Union's border cities and inland industrial cities. The border cities' product mix is not coordinated with their industrial and agricultural production and the people's demands for consumer goods. Some equipment and consumer goods imported from China's border cities are even cheaper than those purchased from the Soviet Union's inland areas. Over the past few years, our country imported and developed many new products and greatly improved production technology and product quality. In particular, we gain an upper hand in prices. So, we can basically meet the demands of the Soviet Union's border cities, or can even export our products to the inland areas. We even possess the capacity to export our products to East Europe. Only when we grasp the opportunity and strengthen the study of the

Soviet Union's policies concerning developing the Far East area, appropriately organize the construction of the bases for exporting products to the Soviet Union, and ceaselessly expand the cooperation between our province and the relevant enterprises at home will our province's machinery and electronic products find sizable markets in the Soviet Union.

Northeast Asia

DPRK's Appointment of New Premier Noted
OW1212085688 Beijing XINHUA in English
0805 GMT 12 Dec 88

[Text] Beijing, December 12 (XINHUA)—The Democratic People's Republic of Korea today named Yon Hyong-muk premier of the administration council replacing Yi Kun-mo.

According to reports from the KOREAN CENTRAL NEWS AGENCY (KCNA) today quoting a communique from the 15th plenary meeting of the Sixth Central Committee of the Workers Party of Korea, Yi Kun-mo asked to be relieved of his post for health reasons at the plenary session Sunday [11 December].

Li, who became premier in December 1986, submitted his resignation "since he found it difficult to carry on economic organization and external activities for health reasons," the agency said. Li was also recalled as a Politburo member of the party Central Committee.

According to reports reaching here today, the appointment of Yon Hyong-muk, a Politburo member of the Central Committee of the Worker's Party of Korea, was formally approved at the fourth session of the Eighth Supreme People's Assembly which opened on Monday.

Tourism Official Meets DPRK Friendship Group
OW1012105488 Beijing XINHUA in English
1442 GMT 8 Dec 88

[Text] Beijing, December 8 (XINHUA)—Liu Yi, director of the the State Tourism Administration, met and feted here today a friendship tour group from the Democratic People's Republic of Korea (DPRK).

The delegation is headed by Chae Hwa-sop, deputy general director of State General Bureau of Tourism of DPRK.

The visitors arrived here November 25 on a tour to China at the invitation of the State Tourism Administration.

Japan Grants \$150-Million Loan to Project
HK1012024688 Beijing CHINA DAILY in English
10 Dec 88 p 2

[By staff reporter Qian Hong]

[Text] China Petro-Chemical Corporation (SINOPEC) yesterday clinched the largest tax-free loan agreement from Japan.

The \$150 million loan will come from the Dai-Ichi Kangyo Bank Ltd, the Mitsubishi Bank and other top Japanese banks, with IBJ [Industrial Bank of Japan] Asia Ltd as overall co-ordinator.

The loan will carry a preferential interest rate and will be for 10 years, with two years of grace.

The syndicated loan will be used for the second phase of the Qilu Ethylene Project—a key project in China's Seventh Five Year Plan (1986-90), said Chen Jinhua, president of SINOPEC.

The Qilu Ethylene Project, located in Zibo City, Shandong Province, will have an estimated investment of 7 billion yuan (\$1.9 billion). The project uses the resources of the Shengli Oilfield, north of Zibo City.

With most of its equipment imported from Japan, Britain and West Germany, the project includes 16 sets of equipment and a thermal power station with a capacity of 200,000 kilowatts.

The first phase of the project started in 1984 and was put into operation last year. The second phase is under way and is expected to be completed next year.

The Qilu Petrochemical Works is aimed at producing 300,000 tons of ethylene annually, turning out 500,000 tons of plastics, 80,000 tons of rubber and 590,000 tons of chemicals a year.

Ethylene is in short supply in China and the country has had to import large amounts. The completion of the Qilu Ethylene Project will alleviate the shortage, Chen said.

SINOPEC is a cross-industry, cross-region ministerial level economic entity entitled to borrow independently from foreign banks.

Japanese Transportation Company Presents Trucks
OW1112044688 Beijing XINHUA in English
1231 GMT 9 Dec 88

[Text] Beijing, December 9 (XINHUA)—A Japanese transportation company has presented China 1,310 renovated trucks from 1985 to October this year, XINHUA learned here today.

The company, the Tokyo Sagawa Express Conveyance Co., opened an office in Beijing today.

The second biggest transportation company in Japan, the corporation has planned to give 6,000 renovated trucks to China in 10 to 20 years starting from 1985.

At the office's opening ceremony, Sun Pinghua, president of the Sino-Japanese Friendship Association, praised the corporation for its valuable contributions to China's economic construction and the Sino-Japanese friendship.

Attending the opening ceremony were Akatsuka Fuchio, executive director of the Tokyo Sagawa Express Conveyance Co., Ltd., and Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries.

Southeast Asia & Pacific

Chinese Computer Program Used in New Zealand
OW1012093988 Beijing XINHUA in English
0304 GMT 8 Dec 88

[Text] Wellington, December 8 (XINHUA)—A Chinese computer program is in use in Wellington to study seismic stress and strain to help scientists predict strong earthquakes, according to a NEW ZEALAND PRESS ASSOCIATION report in today's local press.

Liang Haihua, associate professor of the Geology Department at Beijing University, is spending a year at Victoria University in Wellington applying the program to data from the region.

His project is to create a computer model of the stress field in the lithosphere (outer 100 kilometers of the earth's surface) of the North Island, New Zealand.

The computer model will combine data from measurements of microearthquakes, which give indications of the shapes of the structure and stress in different places.

A New Zealand scientist working with Liang was quoted as saying the research might one day lead to the ability to predict earthquakes.

New Zealand is highly prone to earthquakes because it lies directly along an almost unbroken line of activity around the Pacific Ocean. The capital of Wellington is most vulnerable to serious damage and disruption, according to a newsletter from the Earthquake and War Damages Commission.

Near East & South Asia

Indian Minister on Ties With China

OW0912171388 Beijing XINHUA in English
1649 GMT 9 Dec 88

[Text] New Delhi, December 9 (XINHUA)—Indian External Affairs Minister Narasimha Rao expressed the hope that Prime Minister Rajiv Gandhi's forthcoming visit to China would be a starting point for revitalizing the age-old friendship and close relations between the two countries.

During the meeting with the visiting Chinese journalists delegation, Rao said as two large developing countries and as neighbors in Asia, India and China would gain from mutual cooperation in various fields.

"Both countries face similar problems and interaction between the two in fields such as science and technology could yield good dividends since we have much to learn from each other's experiences and achievements," he said.

The minister also considered Gandhi's China visit as "another starting point for the process of high-level visits for understanding of each other's opinions and setting rules on matters of importance for the whole mankind."

He said this visit is "going to be significant."

"In striving for the improvement of relations, we do not underestimate the difficulties involved. We are willing to be patient and to persevere in the furtherance of the mutual interests of our peoples," Rao said.

On the role of the non-aligned movement, Rao said it is necessary for the movement to sustain its efforts to encourage the two superpowers to pursue the detente.

While a favourable impact of the detente on regional conflicts and initial disarmament measures should be welcomed, it is necessary that the movement should draw the attention of the big powers to the need for an urgent forward movement in the stalled issues relating to international economic and trading systems, he stressed.

The 6-member Chinese journalists delegation arrived here on November 26 on a two-week visit. Besides Delhi, they visited Agra, Jaipur, Bangalore and Bombay, and met with prominent figures from various circles and high-ranking officials including Minister of State for External Affairs Natwar Singh, Foreign Secretary K.P.S. Menon and Information and Broadcasting Secretary Gobi Arora.

Indian Border Situation Termed 'Unreasonable'

HK1212090888 Hong Kong AFP in English 0851 GMT
12 Dec 88

[Text] Beijing, Dec 12 (AFP)—The current border situation between China and India is extremely unreasonable, but the Chinese Government remains in favor of a peaceful settlement of the situation, the official BEIJING REVIEW said Monday [12 December], just one week before the arrival of Indian Prime Minister Rajiv Gandhi.

"Although the present position along the Sino-Indian border is extremely unreasonable, China has always adopted a positive attitude towards the settlement of the boundary question," said the weekly magazine.

"Before the settlement of the boundary question the two sides should maintain peace and stability in the border area," the magazine said in its commentary.

The magazine's comments were published exactly one week before the arrival in Beijing of Rajiv Gandhi, the first Indian head of state to visit China in 34 years, observers noted.

But in the past few weeks Mr. Gandhi has made it clear that no resolution of the long-running border dispute would be possible during his visit, and he has excluded the possibility of any concessions on the subject.

China and India fought a brief but bloody border war in 1962, and the boundary between the two Asiatic giants remains a principal source of ill-will between them.

China claims 90,000 square kilometers (36,000 square miles) of land inside India's current border, while India says Beijing occupies 36,000 square kilometers (15,200 square miles) of its rightful territory.

Last week India lifted a ban on the importation of BEIJING REVIEW. The ban, in force since 1962, was lifted in preparation for Mr. Gandhi's visit, according to an Indian Government statement released on Saturday.

"Although the two countries differ greatly in regard to social and economic conditions, they have a vast potential for mutual cooperation," the Chinese weekly added.

Bilateral trade between the two countries began again in 1977 after a 15 year interruption, but had risen to just 144 million dollars during the 1986-87 period, well short of its potential, according to the magazine.

Israeli Attack on Palestinian Camp Condemned
OW1012120888 Beijing XINHUA in English
0923 GMT 10 Dec 88

[Text] Beijing, December 10 (XINHUA)—China today condemned the Israeli troops' massive attack Friday [9 December] on a Palestinian refugee camp in southern Beirut of Lebanon, causing heavy casualties.

"We condemn the Israeli authorities for their brutal acts," a Chinese Foreign Ministry spokesman said in response to a correspondent's question.

"At the time when the state of Palestine is actively seeking a peaceful settlement of the Middle East question, the Israeli authorities have taken the above-mentioned military action with the purpose of sabotaging the Middle East peace process," he said. "Such an action is bound to arouse public indignation from the international community."

Commentary Views Israeli Actions
OW1112170488 Beijing XINHUA in English
1639 GMT 11 Dec 88

[Text] Beijing, December 11 (XINHUA)—Israel's fresh raid on Palestinian positions in Lebanon on Friday [9 December] is "a wanton trample on the norms of international law," THE PEOPLE'S DAILY said in a commentary today.

The new Israeli offensive followed the Palestine Liberation Organization's recent acceptance of U.N. Resolution 242 which recognizes Israel's right to exist and the organization's decision [words indistinct] solution to the Mideast problem said the paper.

The official Chinese daily pointed out that the Palestinians' new strategy indicated the PLO's "realistic attitude and sincerity" in the process of settling the Arab-Israeli conflict and had won wide acclaim of the Arab world and the international community.

By adopting a hostile attitude toward the PLO's peace efforts, said the paper, the Israeli authorities have persisted in its occupation of Arab territories and in not recognizing PLO—the legitimate representative of the Palestinian people.

"Israel's raid on Lebanon aimed to divert the attention of the world" which has demanded that it give up its aggression policy and start to negotiate with the PLO for a peaceful solution to the Middle East problem.

The new offensive was also "aimed at extricating itself from an embarrassing position at home and abroad" in the wake of the year-long Palestinian uprising, which is still going on and spreading throughout the occupied territories, said the paper.

The new Israeli aggression against Lebanon also followed the emergence of political crisis, created by a long delay in forming Israel's 23rd Government as a result of hard-line Likud bloc's differences with rival Labor Party and small religious factions over vital domestic and foreign policy issues.

For decades, Israel has persecuted the Palestinians in cold blood but the Palestinians are not easy to be eliminated as they have never yielded under Israeli high-handed suppression, said the paper.

Vice Foreign Minister 'Supports' Palestinians
OW1212121288 Beijing XINHUA in English
1150 GMT 12 Dec 88

[Text] Geneva, December 12 (XINHUA)—China supports Palestinian struggle for independence and self-determination and expects an early and fair solution to the Palestinian issue, said Chinese Vice Foreign Minister Qi Huiyuan.

Qi made the remarks this morning when he arrived at Geneva airport heading a delegation to the U.N. General Assembly debating on Palestinian issue.

He is scheduled to address the General Assembly tomorrow to state China's position on the Palestinian issue.

Yasir 'Arafat, chairman of the Palestine Liberation Organization, will also address the general assembly on Palestinian struggle for independence and self-determination.

Article Views Establishment of Palestinian State
HK0912105388 Beijing JIEFANJUN BAO
in Chinese 26 Nov 88 p 4

[Article by Dongfang Tie (2639 2455 6993): "Relaxation—A New Opportunity and Challenge—Beginning With the Establishment of the Palestinian State"]

[Text] Since the proclamation of the establishment of the Palestinian State, strong repercussions have been roused in the international society. It is universally acknowledged that this is a great turning point in the struggles of the Palestinian people. In what direction will the change develop? Just as Yasir 'Arafat, chairman of the Executive Committee of the PLO, put it, it is precisely "to seek peace on the basis of equality of all sides."

How can such a turning point be explained? The causes are multiple. Viewed from the international environment, marked global relaxation has played an important role in promoting it. The Middle East has been one of the most turbulent regions in the world over the past four decades. At the heart of the Middle East issue, the Palestinian problem has been the thermometer of change in the international situation. Whenever international contradictions intensified, the temperature of confrontation centering on the Palestinian issue would rise. For

example, during the Falkland Islands war in 1982, Israel took the opportunity to intrude on Lebanon, and launched a major offensive against the PLO guerrillas. When international contradictions relax somewhat, a chance for the settlement of the Palestinian issue appears. It is precisely by grasping the favorable opportunity of relaxation, surfacing in the international situation now, that the PLO has joined other forces in founding the Palestinian State. From another angle, the fact that different sects in the PLO have been able to seek common ground while reserving differences, while placing the supreme interest of their survival, development, and national self-determination above sectarian disputes, will profoundly affect relaxation in the Middle East as well as in the international situation as a whole. Therefore, we can say that the establishment of the Palestinian State is the PLO's strategic readjustment under the situation of relaxation.

If we widen our view somewhat, we can see that adapting oneself to and using the present relaxed situation is a new topic facing countries. In this connection, many countries feel strong pressure. Are there any grounds to this? Yes, there are. Former U.S. Deputy Secretary of State Lawrence (Igleberg) [yi ge er be ge 0181 2706 1422 0130 2706] recently stated: "We are now in a transitional period, which historians a century from now will clearly see... Unless we understand the change underway and reorganize the West to deal with it, the problems surfacing in the next two decades are going to kill us." The anxiety is keenly felt between the lines.

Is this American entertaining imaginary fears? The relaxation today does not mean a piping time of peace or "absolute peace," but competition by all countries in more extensive areas, in a far greater variety of ways. This reflects the change in world economy and politics from the old to the new order. "The bird about to fly will draw up its wings, just as the beast about to kill will hold back its claws." In the relaxed atmosphere, many countries are undergoing strategic readjustment to gain strategic initiatives in the next century, so that they may win the competition in comprehensive national strength. The competition in economy, and science and technology between various countries has never been so intense; and the competition in shaping the international system so great as it is today. The new opportunity and challenge is pressing every country to make its new strategic choice.

With a grasp of the background mentioned above, we will see that the explicit statement of the 19th special session of the Palestine National Council in accepting UN Resolution 242 is a correct decision derived from an analysis of the situation in a flexible attitude based on objective reality. However, some people have refused to recognize the changes in the world situation, and Israeli Prime Minister Shamir is one of them. While the Palestinian State is being recognized by an increasing number of countries, he has closed his eyes and said: "Nothing is

going to happen." Such a die-hard attitude is diametrically opposed to the relaxation in the international situation, directly injures world stability, and will bring greater disasters to the Israeli people.

The USSR has had profound lessons on how to deal with a relaxed situation. In a great debate in the Soviet diplomatic circles, a doctor of history wrote an article saying that the relaxation in the early 1970's gave the USSR a chance to ease its confrontation with the West to the lowest level possible on the horizon, giving the USSR the chance to shift its extra natural resources to resolving its domestic economic problems. However, the USSR "made a mistake in assessing the entire international situation and the balance of strength" at that time; while making offensives everywhere it indulged in a large-scale arms race with the West, and intruded on Afghanistan. Consequently, it lost the chance, aggravated the strained East-West relations, and landed itself in an extremely difficult position regarding its domestic and foreign policies. Although the analysis of this doctor may sound "a prophecy after the event," it was highly praised by the famous IZVESTIA commentator Baowen [7637 2429], because the lesson he summed up is precisely what the USSR and other nations should draw from today.

The world is changing, if we say there was a warm current beneath the ice during the period of the "cold war," then there is an undercurrent in the warm stream today. Should any country want to survive and develop, it must give a correct answer to the new topic of relaxation today.

Nepalese Foreign Minister Returns Home
OW1112012588 Beijing XINHUA in English
1546 GMT 10 Dec 88

[Text] Kathmandu, December 10 (XINHUA)—Nepalese Foreign Minister Shailendra Kumar Upadhyaya returned here this evening from his six-day official visits to China and the Democratic People's Republic of Korea (DPRK).

He told reporters at the airport that he held cordial talks with Chinese leaders. "No dramatic outcome, but exchange of views itself was important," he said.

He noted, "The Chinese leaders believe in peace and cordial friendship with all countries. They want to mend their fence with neighbors."

Referring to Indian Prime Minister Rajiv Gandhi's forthcoming visit to China, the foreign minister said, "If the two great Asian nations find some accords, that will bring peace and stability to the whole of Asia."

He added, "The Sino-Soviet summit in early next year will bring another dimension of peace and stability to the region and the whole world."

During his stay in China, Upadhyaya met Chinese Premier Li Peng. He and his Chinese counterpart Qian Qichen held talks on bilateral relations and international issues of common concern.

Both sides reportedly expressed satisfaction with the smooth development of the bilateral relations and hoped for further promotion of the relations of friendship and cooperation between the two countries.

During the visit, a protocol of the second meeting of the joint border inspection committee between Nepal and China was signed.

After his visit to China, Upadhyaya made his friendly visit to the Democratic People's Republic of Korea.

Sub-Saharan Africa

'Special Envoy' Yang Rudai Arrives in Kenya
OW1012135688 Beijing XINHUA in English
1655 GMT 9 Dec 88

[By Huang Jin]

[Text] Nairobi, December 9 (XINHUA)—The special envoy of Chinese President Yang Shangkun, Mr. Yang Rudai, arrived here this afternoon to attend the celebrations of the 25th anniversary of Kenya's independence.

Yang Rudai, who is a member of the Political Bureau of the Central Committee of the Communist Party of China, was met at the airport by National Organizing Secretary of the Ruling Kenya African National Union (KANU) Kalonzo Musyoka and Chinese Ambassador to Kenya Professor Xue Mouhong.

Addressing local and international press at the Jomo Kenyatta International Airport, Mr. Yang said China appreciated Kenya's foreign and domestic policies and cherished the friendship with Kenya.

He said the visit by Kenyan President Daniel arap Moi to China in 1980 and that by former Chinese Premier Zhao Ziyang to Kenya in 1983 have laid a very good foundation for the development of the Sino-Kenyan relations which have been further strengthened by the second visit by President Moi to China last October.

On behalf of the Chinese president, the Chinese special envoy conveyed the sincere greetings and best regards of the Chinese people to the people of Kenya and wished to further expand friendly cooperative relations between the two countries in various fields.

Greeting the Chinese special Envoy, Mr. Musyoka said Kenya and China have enjoyed "an excellent relationship" over the past years and thanked the Chinese Government for its economic assistance to Kenya.

Mr. Yang is also the party secretary of Sichuan Province which has sent technical experts to help build the modern Moi International Sports Center in the suburbs of Nairobi.

During President Moi's second visit to China, the Chinese Government agreed to continue to provide assistance to the second phase of the construction of the center, including the building of a 5,000-seat gymnasium and swimming pool.

Under the first phase of the construction, a 60,000-seat stadium was completed in early 1987, which successfully hosted the fourth All-Africa Games in August, 1987.

During his stay here for the celebrations which will enter its climax next Monday [12 December] at a mass rally to be held at the stadium, Mr. Yang is expected to hold talks with Kenyan Government and party officials.

The Chinese special envoy will leave Kenya on December 13.

Received by President Moi
OW1112022888 Beijing XINHUA in English
0047 GMT 11 Dec 88

[By Huang Jing]

[Text] Nairobi, December 10 (XINHUA)—Kenyan President Daniel arap Moi received Mr. Yang Rudai, the special envoy of Chinese President Yang Shangkun, at State House here this afternoon.

Meeting Mr. Yang, who is a member of the Political Bureau of the Chinese Communist Party's Central Committee, President Moi said he was impressed by his second state visit to China last October and expressed his desire for closer relations between the peoples of Kenya and China and between the two parties.

Mr. Yang, who arrived here yesterday, is representing the Chinese president to attend the celebrations of the 25th anniversary of Kenya's independence.

At a reception given in honour of Mr. Yang by the ruling Kenya African National Union (KANU) this evening, KANU National Chairman Peter Aringo said that KANU and the Chinese Communist Party have shared the policy of peaceful co-existence, which, he said, explained Kenya's foreign policy.

He told the Chinese guests that KANU will continue to promote President Moi's philosophy of peace, love and unity in order to destroy tribalism which, he said, was left behind by the colonial rule in the country.

In response, Mr. Yang said China and Kenya have enjoyed a "very friendly relationship" since President Moi's first visit to China in 1980 and former Chinese Premier Zhao Ziyang's visit to Kenya in 1983.

Mr. Yang said the Kenyan president's second visit to China last October, during which he met with Chinese leader Deng Xiaoping and General Secretary of the Chinese Communist Party Zhao Ziyang, has strengthened political and economic relations between China and Kenya.

He stressed that the Chinese Government will, as always, continue to support the South African people in their struggle against apartheid.

He expressed the hope that during the second decade of Moi's government, bilateral cooperation between the two governments and two parties will be further developed.

The Chinese special envoy was invited to attend a KANU rally earlier today to mark the first KANU Day declared by the Kenyan president.

The on-going week-long celebration for the silver jubilee will be ended next Monday at a mass rally here.

Mr. Yang is expected to leave Kenya next Tuesday [13 December].

West Europe

Official on Increased Cooperation With EC
OW1012213688 Beijing XINHUA in English
0704 GMT 9 Dec 88

[Text] Beijing, December 9 (XINHUA)—European Community (EC) countries were involved in approximately 50 percent of China's imported technology transaction volume during the first 10 months of this year, according to a source with the Chinese Ministry of Foreign Economic Relations and Trade.

Describing the event as the "first time that this has happened in recent years," the trade official said that the situation reflects the "constantly expanding cooperation between China and the EC," which had virtually no relations beyond traditional trade 10 years ago.

"Now we have entered a phase of overall cooperation, with joint projects in China producing noticeable results," the official said.

Since 1984, the EC has provided China with a total of 30 million European Currency Units (ECUs, equivalent to about 35 million U.S. dollars) of assistance gratis to help develop the country's agriculture, the official said.

Using these funds, and roughly the same amount of investment on China's part, more than a dozen major projects have been set up, ranging from antiflood systems to cashew nut processing plants.

Beginning next year, the EC has decided to raise its annual grant assistance to China from the present 6 million ECUs (about 7 million U.S. dollars) to 9 million ECUs (about 10.8 million U.S. dollars), the Community's ambassador to China, Pierre Duchateau, told XINHUA.

At the same time, cooperation in science and technology involving energy, materials, nuclear fission, biotechnology, geology, seismology, astronomy, disaster prediction, and cultural relics protection, is also expanding rapidly, according to a source with the State Science and Technology Commission.

"As China is underdeveloped, and has insufficient funds, international cooperation has proven to be an effective way of solving special problems and promoting the national economy," he said.

An energy project between the EC and China's Zhejiang Province, for example, solved the acute electricity shortage on the province's Danchen Island, a fishery industry center.

China has also sent almost 100 scientists to EC countries to take part in long-term joint research projects, the official said, adding that "this will help us to keep up with hi-tech development in the world."

Since China and the EC signed their 1978 trade agreement, their two-way trade volume has risen from 3 billion U.S. dollars to its present high of around 12 billion U.S. dollars. The EC ranks as China's third largest trading partner, after Hong Kong and Macao, and Japan.

Ambassador Duchateau said he expects trade volume to rise to 20 billion U.S. dollars. He suggested that China further improve the mix of its export commodities—producing more sophisticated goods and less primary products which may affect some sensitive industries in Western Europe.

Agreeing with Duchateau, the Chinese trade official said this also constitutes an effective way of reducing the present trade imbalance in favor of the EC. However, he expressed the hope that the EC would "genuinely regard China as a developing country and better facilitate the entrance of Chinese exports into EC countries, so that China will absorb more EC exports.

"Vast potential exists for cooperation, as China and the EC enjoy good political relations and have mutually complementary economies," the official said.

He urged EC businessmen to be "bolder with direct investment in China." Totalling around 1.8 billion U.S. dollars thus far, EC countries as a whole follow Hong Kong and Macao, the United States and Japan with regard to direct investment in China.

For its part, China should also strive for more direct investment in EC countries, the official said. "This will prove to be particularly important after 1992," when the EC single market will be formed, he said.

China has begun studies on the single market's potential impact on China, he said, "for this represents a challenge, more than anything else, to us."

Ambassador Duchateau agrees, but adds, however, that worries over the EC building a tariff wall against outsiders are unfounded. "The single market will only be more open," he says.

The EC ambassador also expressed his conviction that China's reforms, which he said have great significance for expanding cooperation, will result in China joining hands with the EC single market in 1992,—ushering in even broader prospects for cooperation.

Textile Trade Agreement Signed With EEC
OW1012132188 Beijing XINHUA in English
1535 GMT 9 Dec 88

[Text] Brussels, December 9 (XINHUA)—China and the European Economic Community agreed on textile products trade here today, following three rounds of negotiation since March.

The new agreement will go into force as of January 1, 1989 for four years. The current five-year agreement expires on December 31, 1988.

Li Guodong, chief Chinese negotiator, said that the agreement, although better economically, still contains austere restrictions.

Sino-British Joint Liaison Group Meets
OW1012151388 Beijing XINHUA in English
1620 GMT 9 Dec 88

[Text] Hong Kong, December 9 (XINHUA)—Both leaders of the Sino-British Joint Liaison Group (JLG) expressed their satisfaction for the results of the JLG's 11th meeting which concluded here earlier today.

The four-day meeting covered wide-ranging subjects including Hong Kong's continued participation in the activities of various world financial organizations, the localization of legislation, as well as practical arrangements for the defence of Hong Kong and the maintenance of public order.

The senior representative on the Chinese side, Ke Zai-suo, said at a press conference today that the meeting was the first of its kind since the group took Hong Kong as its principal base, and therefore, it marked the JLG work had entered a new stage.

Robin McLaren, senior representative of the British team, also said that since July 1, the two offices had more opportunities to talk to each other informally. The experts of his group and he himself would continue to hold informal meetings with their opposite members between the plenary meetings.

The next plenary meeting of the JLG will be held in Beijing from March 14 to 17 next year.

East Europe

Bulgarian Science Delegation Leaves Tianjin
SK1212022988 Tianjin City Service in Mandarin
2300 GMT 10 Dec 88

[Text] The Bulgarian natural science and technology delegation, which discussed scientific and technological cooperation with Tianjin University, ended its 7-day visit and left Tianjin on 10 December.

In March of this year, our country's State Natural Science Fund Committee and the Bulgarian Council of Ministers' Committee for Science jointly signed an agreement on the joint development of an international cooperative project assigned by the United Nations' International Development association on Black Sea coastal mud and sand mathematical model [zhu xue mo xing] research.

The Bulgarian shipping and water power center appointed the mud and sand research office of the Tianjin University graduate school to jointly complete this project with it. In July of this year, Tianjin University established a mud and sand (?mathematical model) research base on the Black Sea coast. During this visit, both sides further implemented the specific plans for this project for the next 4 years, and conducted an academic exchange. This is the first time our country has conducted government-level scientific and technological cooperation with the European country.

CPC Circular on Ideology, Politics Published
HK1212082188 Beijing RENMIN RIBAO
in Chinese 10 Dec 88 p 2

["CPC Central Committee Circular on Strengthening and Improving Ideological and Political Work in Enterprises (Adopted in Principle by the 3d Plenary Session of the 13th CPC Central Committee on 30 September 1988)"]

[Text] **I. Strengthening and Improving Ideological and Political Work in Enterprises Constitutes an Important Guarantee for the Smooth Progress of the Modernization Program and for Reform and Opening Up**

1. In light of the party's basic line in the initial stage of socialism and focusing on economic construction, the Chinese people are upholding the four cardinal principles, adhering to reform and opening up, and building socialism with Chinese characteristics. To execute this grand and arduous undertaking the whole party should pay great attention to and energetically strengthen ideological and political work. This is a long-term strategic principle. It is a great mission assigned to the whole party by the times and also a lofty ideological and political mission to use the four modernizations and rejuvenation of the Chinese nation as the spiritual mainstay to concentrate the strength of the whole nation; arouse the work enthusiasm of the whole people; carry out reform; and to work hard with pioneering efforts to build China into a powerful, democratic, civilized, and modernized socialist country.

In improving the economic environment, rectifying the economic order, and deepening reform in an all-round way as the guiding principle, the 3d Plenary Session of the 13th CPC Central Committee set out the task of shifting the focus of reform and construction in the coming 2 years onto improving the economic environment and rectifying the economic order. To accomplish the arduous tasks during the critical period of deepening reform in an all-round way we should give full play to our party's political advantages and seek unity of thought and action. Every basic-level party organization should become a firm fighting bastion and every party member should play an exemplary role among the masses. We must mobilize and unite with all people throughout the country with lively and powerful ideological and political work, stimulate the people's enthusiasm, take the overall situation into account, overcome difficulties, and win the victory of deepening overall reform and developing the modernization program.

2. Conducting ideological and political work is an indispensable and essential component part of modern enterprise management and an important guarantee for fulfilling the enterprise's various tasks. The foundation of economic revitalization lies in enterprise progress. An enterprise's progress depends on technological progress and improvement in the quality of management and

workers, while improvement in the quality of workers is closely related to their mental attitude, education, and training. Ideological and political work in enterprises is extremely important in this regard. At present, product quality and economic results in many Chinese enterprises are not very high and the work enthusiasm of staff members and workers has not been brought into full play. An important reason is the ineffective ideological and political work in various enterprises, although there are other reasons; for instance, a new mechanism has not yet taken shape in enterprises, reform measures in society are not well coordinated, and enterprises' technology and management skills are backward. All this calls for efforts to vigorously strengthen ideological and political work in enterprises. It is naturally wrong to believe that ideological and political work is omnipotent. However, it is even more erroneous to believe that ideological and political work is outmoded and no longer essential under the condition of developing a commodity economy.

3. To strengthen ideological and political work we must improve it. Ideological and political work has always been an important guarantee for winning the victories of revolution and construction. It played an extremely important role in the revolutionary war years as well as in the period of socialist construction. Influenced by "leftist" guidelines there were some defects in ideological and political work. These were straightened out after the 3d Plenary Session of the 11th CPC Central Committee. Generally speaking these defects have not yet been totally eliminated. Meanwhile, the practices of laxity and being frightened to set strict demands prevail. In many enterprises ideological and political work is still divorced from production and operation.

The contents and methods of ideological and political work are not suited to the new situation and tasks and lack the necessary attraction. Unless we put an end to such a state of affairs it will be impossible for ideological and political work to undertake its historical mission.

China is now in a period in which great overall and profound changes are taking place. Ideological and political work is faced with an unprecedentedly stern challenge: The historical change in the central task of the whole party demands that ideological and political work increasingly subordinate itself to and serve, consciously and effectively, the socialist modernization program. The change from a product economy to a socialist commodity economy demands that we establish new concepts in carrying out ideological and political work. In terms of the leadership system in enterprises, the change from the "unified leadership" exercised by the party committee to the system under which a factory director assumes full responsibility demands that we establish a new system and work order in carrying out ideological and political work. The promotion of socialist democratic politics and the structural change among the rank-and-file staff members and workers demands that we cover new ground in ideological and political work, and adopt patterns and methods that are readily

acceptable to the masses. The intermingling of all sorts of concepts and cultures demands that in ideological and political work we assimilate enthusiastically whatever is useful while paying attention to resisting erroneous ideas. The ever-increasing popularity of the modern mass media demands that we be effective in using such media in the course of carrying out ideological and political work. Our ideological and political work is still far from meeting these demands. We must vigorously improve our ideological and political work. The "improvement," "transformation," and "reform" of our ideological and political work are aimed at strengthening such work even more vigorously and effectively.

4. In improving ideological and political work we must pay attention to two points. We must inherit, restore, and carry forward the fine traditions involved in ideological and political work, including: Closely rallying around the party's central task; seeking truth from facts; following the mass line; treating all people on an equal basis; cadres setting good examples for others; and the tradition of the whole party conducting ideological and political work. We must do away with the erroneous concepts and inappropriate practices adopted in the past which still have some influence today. On the other hand we must improve ideological and political work in terms of system, content, and methods and in line with the requirements of overall reform and opening up. This will help such work become a component part and an important guarantee for establishing a new order for the development of a socialist commodity economy. To improve ideological and political work we must gradually develop new concepts and new methods of conducting this work in the new stage, using Marxism-Leninism-Mao Zedong Thought as the guideline. These new concepts and methods are aimed at carrying forward the fine traditions and at fully demonstrating the spirit appropriate to our times. They are commensurate with the development of a socialist commodity economy and democratic politics.

5. In strengthening and improving ideological and political work in enterprises we must promote the building of material and spiritual civilization and regard the development of productive forces as the fundamental criterion for judging all things. Socialist enterprises should turn out more and better material products and train new generations of socialist people. Man is the most active factor in the productive forces. To turn out more and better products, enterprises need ranks of workers who are proficient in technical skills and morality. Ideological and political work plays an extremely important role in improving the quality of the workers. Hence, ideological and political work in enterprises should be aimed at training ranks of workers with lofty ideals, moral integrity, better education, and a sense of discipline; promoting the development of production; and attaining better economic and social results.

II. Establish a New System of Carrying out Ideological and Political Work Among Staff Members and Workers in Enterprises With the Factory Director (Manager) Assuming Full Responsibility

6. According to the provisions of the "Enterprise Law" a factory director, as a legal representative of an enterprise, assumes full responsibility for building material and spiritual civilization in the enterprise. To coordinate with the new enterprise leadership system a factory director must assume full responsibility for ideological and political work in the enterprise. This system meets the requirement of ideological and political work constituting an important component part of overall enterprise management and offers an organizational and institutional guarantee for putting an end to the condition whereby ideological and political work is divorced from production and operation, and for integrating ideological and political work with economic work. In light of the amendments to party constitution articles adopted by the 13th party congress and the CPC Central Committee's circular on implementing the "Enterprise Law," party organizations in enterprises should perform a supervisory function and regard ideological and political work as the focus of their work. Generally speaking, a party committee secretary can concurrently assume the office of deputy factory director in charge of ideological and political work. This meets the requirements of the new system in which a factory director assumes full responsibility for ideological and political work.

7. A factory director's major responsibilities in conducting ideological and political work in an enterprise are as follows: First, he must determine the general train of thought and formulate an overall plan and various methods of undertaking ideological and political work, while keeping in mind the requirement of developing the enterprise and training staff members and workers with lofty ideals, moral integrity, better education, and a sense of discipline. Second, he must assume responsibility for ideologically strengthening the leading bodies of the enterprise's various administrative departments. Third, he must organize the various administrative and business departments, workshops, groups, and teams to carry out ideological and political work in close connection with their production and business activities and he must closely link ideological and political work with that of checking and assessing the enterprise management contract system and determining rewards or punishments and the promotion or demotion of cadres. Fourth, he must improve democratic management, strengthen work groups and teams, help the worker's congress to perform its functions, safeguard the democratic rights of staff members and workers, and assist them in playing their role well as masters of their own destiny. Fifth, he must improve the material conditions for building spiritual civilization in the enterprise.

8. The major responsibilities of a party organization in conducting ideological and political work in enterprises are as follows: First, it must pay attention to the party's

ideological building; strengthen education and supervision over its members, in particular the cadres; give full play to fighting the bastion role of party branches and exemplary role of party members; and mobilize all members in conducting ideological and political work. Second, it must organize cadres in studying the party's line, policies, principles, and theories and ensure enforcement of the party's principles and policies and the state's laws and decrees. Third, it should establish close ties with the masses; have an intimate understanding of the workers' wishes, demands, and thinking; and do mass work properly. Fourth, it should support the worker's congress and guide the trade unions and CYL in ideological and political work among the staff members and workers.

9. The trade union and CYL organizations shoulder heavy responsibility in conducting ideological and political work in enterprises. The trade unions should extensively organize the staff members and workers to carry out self-education and self-management activities and take part in enterprise democratic management and supervision. The CYL organizations should adopt vivid means to suit the special characteristics of youth and train a new generation of workers through activities attracting young people and serving them.

10. The organizations in charge of ideological and political work in an enterprise belong in the administrative category. Party organizations and cadres in an enterprise should be distributed in light of the different provisions for large, medium, and small enterprises stipulated in the "Circular by the CPC Central Committee on Implementing the 'Enterprise Law for PRC State-Owned Enterprises.'"

11. Instead of relying on a handful of people for ideological and political work, we should build a large contingent composed of full-time cadres and administrative cadres, party and youth league members, exemplary figures, group leaders, and activists from the trade unions and women's organizations. We should take note of inviting well-known experts and learned social workers who are good at ideological and political work to participate in enterprises. We should also give full play to the role of the groups in charge of studying ideological and political work in enterprises.

It is a glorious and important undertaking to engage in the science of ideological and political work. We must select a number of outstanding comrades to serve as the backbone of ideological and political work. Those engaged in ideological and political work, including administrative cadres, should improve their qualities with political enthusiasm and a sense of responsibility, master the skill of applying Marxism in explaining practical problems, and learn how to apply sociology, psychology, behavioral science, and modern management to conduct work involving men. We must show consideration of and ensure the reasonable vital interests of those engaged in full-time ideological and political

work. Their remuneration should be appropriately resolved so that they are treated equally with other cadres in the same enterprise. Regarding their titles, the relevant departments of the CPC Central Committee and State Council will work out measures as quickly as possible.

III. Proceed From Reality and Determine the Tasks and Content of Ideological and Political Work

12. Proceeding from reality, the ideological and political work of an enterprise seeks to meet the requirements laid down by the party's basic line. Namely, to train more staff members and workers possessing the "four have's," whip up their enthusiasm and enhance their creativity in carrying out construction and reform, continuously help enterprises to attain better economic results, and promote the development of productive forces.

13. The regular ideological and political work of an enterprise seeks primarily to achieve the following: First, to vigorously cultivate the enterprise's spirit with special characteristics, combine the joint ideals of realizing the four modernizations and rejuvenating the Chinese nation with the enterprise's specific tasks, closely link its patriotism with its desire to cherish the factory, take the overall situation into account, and properly handle the relationship between the interests of the individual on the one hand and those of the enterprise and state on the other. Second, set up vocational ideals, ethics, discipline, and skills in line with the requirement of training more staff members and workers possessing the "four have's" and strengthen the training of staff members and workers in terms of their basic conduct. Third, provide correct and timely guidance to staff members and workers in dealing with the ideological problems that have arisen in the course of production, business, enterprise management, and commodity distribution with the focus on production and business activities. Fourth, conduct education on the current situation with a specific objective in mind in light of what is actually taking place during the different stages of construction and reform.

14. Focusing on improving the economic environment, rectifying the economic order, and deepening overall reform, we must conduct extensive education on the current situation. In connection with practice we should convincingly publicize the tremendous achievements of construction and reform since the 3d Plenary Session of the 11th CPC Central Committee, realistically analyze the problems and negative phenomena, consult the masses in finding a solution, and answer the questions raised by the masses in light of the party's principles and policies. We must increase the awareness of staff members and workers in implementing the principles, policies, and measures of the party and government through education in the current situation and encourage them to plunge themselves into the cause of reform.

15. Ideological and political work should be conducted accordingly in light of the workers at different posts in an enterprise. The broad ranks of workers should be encouraged to: Foster the idea of being masters of their own affairs, love the collective, subordinate themselves to the overall situation, observe discipline, work honestly, improve their skills, abide by professional ethics, and be good workers. Regarding party members, cadres in particular, they should be urged to enhance their faith in communism, fulfill the purpose of serving the people, make efforts to forge ahead, perform their duties honestly, and give full play to their exemplary role. We must combine progressiveness with extensiveness and the objective of education with specific behavioral conduct.

16. In principle, an enterprise should arrange its specific ideological and political work by proceeding from its practical conditions. The higher level departments will mainly give macroscopic guidance to ideological and political work in enterprises and train cadres for them. Regarding major issues, it is necessary to work out unified propaganda plans and seek unity of understanding and action. While conducting common and elementary education, including education in the basic line, patriotism, collectivism, revolutionary tradition, ideals and discipline, democracy and the legal system, and national defense, enterprises may independently determine the timing and focus, and adopt steps and methods as they think appropriate.

IV. Adopt Correct Guidelines and Methods and Pay Attention to the Actual Results of Ideological and Political Work

17. Respecting, understanding, and showing concern for others should be regarded as a basic guiding principle to be followed in conducting ideological and political work. As ideological and political work involves man, it is necessary to treat the masses sincerely, convince them by reasoning, and touch their hearts with feelings. We should tap the potential of the masses and arouse their initiative. We should sincerely cherish the workers, be concerned with their well-being, help them tide over their difficulties, and increase their confidence in enterprises. Instead of regarding the masses merely as the object of education, we should trust them, rely on them, and encourage the staff members and workers to conduct self-education and give full play to their dynamic role in ideological and political work.

We should combine setting strict demands with respecting, understanding, and showing concern for others. We must put an end to the practices of laxity and loose management in enterprises. We should adopt economic, administrative, legal, and educational means in an all-round way and exercise effective management. We should resolutely oppose the idea of seeking good relations with all and sundry at the expense of principle, put an end to laxity in ideological and political work, dare to criticize the unhealthy tendency, resist the corrosive

influence of feudalism and capitalism on the ranks of workers, encourage a healthy mood among workers, and foster a good style of strictly observing rules and regulations.

18. Extensively carry out democratic consultations. We should promptly give the workers an account of the policies and measures of the party and government, inform them of the major problems of enterprises and the relevant solution, and let the staff members and workers express their views on the major policy decisions in enterprises. We should frequently carry out mutual exchanges through consultations and erect a bridge of mutual understanding and trust between enterprise leaders and workers and between workers themselves. The purpose of the exchanges is to speak the truth and treat each other equally and open-heartedly rather than doing things perfunctorily. We must support the masses in criticizing the mistakes in our work, combat bureaucratism, and fight against all kinds of unhealthy and corrupt practices. Instead of accommodating wrong views expressed by the workers we should persuade them patiently and do our work well.

19. We should conduct our work using cultural, amusement oriented, and all kinds of healthy and beneficial activities. We should run spare-time schools, libraries, and clubs for workers properly and carry out study, reading, learning, psychological consultations, social investigations, film and book reviews, literary and art performances, and sport activities to enrich the workers' spare-time cultural lives, and to meet their desire for widening their field of vision, obtaining more information and knowledge, and mastering techniques. The attraction and appeal of ideological and political work can be increased by using vivid cultural forms and adopting methods acceptable to the masses.

20. The whole party and society should be concerned with, support, and cooperate with enterprises in doing ideological and political work among the staff members and workers. The media, including newspapers, periodicals, television stations, and radios, can promptly and extensively spread a wide range of information. The party should exercise leadership and be good at applying this essential means and channel to conduct ideological and political work. Taking adhering to the party's basic line, realizing the four modernizations, and rejuvenating the Chinese nation as the keynote, the departments in charge of producing and disseminating press, publication, cultural, and theoretical spiritual products should vigorously publicize the workers' contributions to reform and construction, commend the exemplary deeds of the advanced figures among them, express their voice, and correctly answer their questions. These departments should increase their sense of social responsibility, keep social effect [she hui xiao yi 4357 2585 2400 4135] in the first place, offer more healthy and beneficial spiritual products, and give full play to their role of guiding public opinion and educating staff members and workers.

21. Being strict on themselves, setting an example, and integrating verbal directions with personal example, with the stress on the latter, are the true qualities of our party's ideological and political workers. Enterprise leading cadres and all ideological and political workers should uphold the purpose of wholeheartedly serving the people and start by personally setting a good example. Whatever they want the masses to do they should first do it themselves; whatever they want the masses to resist they should first resist it themselves. This "voiceless" ideological and political work is most convincing. The ideological and political workers should influence the workers with their exemplary deeds and become intimate friends, trusted by the masses.

V. Vigorously and Steadily Cross Over to the New System and Continuously Sum Up New Experiences in Ideological and Political Work

22. We should adhere to the vigorous and steady principle in implementing the "Enterprise Law" and create a new situation in conducting ideological and political work in enterprises. The factory director should place ideological and political work on the order of the day and assume full responsibility. The party committee secretary is also duty-bound to put the focus of his work on ideological and political work. He should closely cooperate with the factory director, do his work well, and ensure that there are no "loopholes."

23. Local party committees should earnestly strengthen leadership over ideological and political work in enterprises. The propaganda departments of the party committees at all levels should assume responsibility for giving guidance, offering service, and coordinating the work of other departments. The departments in charge of economic work should cooperate with the local party committee and propaganda department to promote ideological and political work in enterprises.

24. Proceeding from practice, enterprise organizations and personnel can be readjusted using various methods in light of the stipulations in the "Enterprise Law." Apart from the basic form of the party committee secretary concurrently assuming the office of deputy factory director in charge of ideological and political work, enterprises may adopt the forms they think appropriate, including the factory director assuming the office of party committee secretary. No uniformity should be imposed in this regard. Proper arrangements should be made for the cadres who are no longer engaged in full-time ideological and political work.

Our cadres in charge of enterprise ideological and political work have done a great deal of work in the past. They have put in a lot of hard work and made valuable contributions. Whether they are continuously engaged in ideological and political work or transferred to other posts they should put the overall situation of the party and state in first place, study hard, improve their qualities, be familiar with economic affairs, increase their

abilities, and make new contributions in the course of strengthening and improving ideological and political work in enterprises and in reform and the modernization program.

25. We should continue to make new explorations in ideological and political work in enterprises. Although several years have elapsed since implementing the system of factory director's assuming full responsibility, the new setup of ideological and political work in enterprises is still in its initial stage, which remains to be practiced, enriched, and developed. All comrades in the party and all ideological and political workers should further emancipate their minds, make practice boldly, enhance their studies, sum up experience, and gradually perfect the new system of ideological and political work.

This circular shall be tried out in state-owned enterprises. In light of the spirit of this circular, the collective enterprises may adopt the methods suitable to themselves.

RENMIN RIBAO Editorial

*HK1012093688 Beijing RENMIN RIBAO
in Chinese 10 Dec 88 p 1*

[Editorial: "Actively Explore New Ways of Ideological and Political Work"]

[Text] The "Circular of the CPC Central Committee on Strengthening and Improving Ideological and Political Work in Enterprises," which was adopted in principle by the 3d Plenary Session of the 13th CPC Central Committee, was previously transmitted down to the county and regimental levels, and the party members conducted initial study and discussion on it. The purpose of publishing the full text today is to enable the cadres and masses inside and outside the party to know about and study this document and further promote its implementation so that ideological and political work in enterprises will as quickly as possible meet the requirements of the reforms and opening up in the new period.

As the whole party has shifted its work focus, as reforms of the economic structure have been promoted, as opening up to the world has developed, as the product economy has switched to a socialist commodity economy, and as the enterprise leadership setup has changed from "centralized" leadership by the party committees to full assumption of responsibilities by the managers over the past 10 years, China is now experiencing a comprehensive and profound change, and people's ideology, moral concepts, and sense of values are also undergoing dramatic changes. To ensure the smooth progress of reforms and construction, it is particularly necessary at this time to strengthen ideological and political work, and this is also the time when ideological and political work is most difficult, since many of the old methods are no longer suitable, while new methods are still being probed. Some comrades have not been able to completely shake off "leftist" influences in carrying out

ideological and political work, and such methods do not suit the requirements of the new situation and tasks either in content or in form and method, and lack the proper adhesive force and attraction; certain other comrades hold that ideological and political work is already outdated under the conditions of developing commodity economy and is not really necessary, with the result that tendencies toward laxity are very common; and still more comrades find the business confusing, difficult, or irksome to varying degrees. It is very evident that unless we resolutely reverse this state of affairs it will be extremely unfavorable for building the two civilizations. In fact, people have already seen this kind of negative consequence and yearn for an improvement soon.

In the face of the new problems that have appeared in the new situation, in the past few years the enterprise party organizations and ideological and political workers, including many outstanding entrepreneurs, have been eager to forge ahead and actively explore new ways of ideological and political work so as to mobilize the initiative and creativity of the staff and workers and make the enterprises more prosperous every day. They have created many valuable new experiences in this respect. Since the 13th party congress, in accordance with the intention of the congress that "it is necessary to pay attention to, strengthen, and improve the party's ideological and political work," many enterprises have, proceeding from reality, acted still more consciously and positively in conducting new explorations. The "circular" is the result of the CPC Central Committee scientifically summarizing these experiences through repeated investigation and study.

The "circular" contains 5 parts and 25 articles. It gives brief and to-the-point expositions and brings out the essentials in stating the regulations on a whole series of important questions, such as the importance and necessity of strengthening and improving ideological and political work in enterprises; the tasks of ideological and political work for enterprise staff and workers in the new situation; the system, content, guidelines, and methods of ideological and political work in enterprises; and the responsibilities of the plant managers, the enterprise party organizations, the trade unions, the CYL, and other organizations. This is a programmatic document on ideological and political work in enterprises in the new period. Some enterprise comrades have reported that they had hazy notions and no clear idea about how to carry out ideological and political work in enterprises in recent years. Now that they have studied the "circular," things are much clearer and they have boosted their confidence in doing a good job in ideological and political work.

The "circular" respects history and faces the future. It is imbued with the fresh characteristics of the era of reform and new creation. The "circular" fully endorses the fine traditions of ideological and political work formed over many years in the past, and points out that they should be inherited, revived, and carried on. At the same time,

it emphasizes meeting the requirements of the development of socialist commodity economy and socialist democratic politics and making improvements in system, content, method and so on in order to form new concepts and methods of ideological and political work for the new period. The "circular" negates the "leftist" concepts and formalistic methods of the past. It stresses that ideological and political work should be carried out in close connection with production and that stimulating the development of the productive forces should be regarded as the fundamental criterion. It also gives an explicit explanation of the implications of the productive forces criterion. The "circular" is not a pattern for uniformity, but instead advocates proceeding from reality and seeking truth from facts; it does not pursue forms, but instead attaches importance to practical results; it does not just treat the workers as objectives of education, but instead emphasizes respecting, understanding, and caring for people; and it does not impose a uniform demand that all staff and workers become advanced elements, but instead reminds people that demands should be set in light of the different objectives and levels among the staff and workers... All these things should be seriously appreciated and translated into practice.

At present all localities and enterprises are seriously implementing the guidelines set by the 3d Plenary Session of the 13th CPC Central Committee on improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms. At the same time, it is also necessary, in accordance with the demands of the "circular," to get a really good grasp of ideological and political work in enterprises. This is both an important content of deepening enterprise reforms and also the necessary guarantee for deepening the reforms. It is certain that grasping ideological and political work will not produce immediate results, but it is certain that it will produce long-term benefits. This is a long-term basic item of construction and is also an important cardinal link in thoroughly implementing the guidelines of the Third Plenary Session.

The "circular" is an initial summation of the experiences of the past few years. It is a good document, and also one that requires further perfecting. As the "circular" says, a new pattern of ideological and political work in enterprises is in the initial stage of formation and requires further practice, augmentation, and development. For the enterprise managers, secretaries, and all comrades engaged in ideological and political work, the task is heavy and the road long.

* Wang Zhen on Ningxia Development, 'He Shang'
40050121a Yinchuan NINGXIA RIBAO
in Chinese 28 Sep 88 p 1

[Excerpt] Chief delegate Wang Zhen said: Both comrades who have been here before and those who have never been to Ningxia are excited and pleased with

Ningxia's success in construction and its promising future development. Among the most impressive things we have observed are: 1. Ningxia presented to us a completely new look as seen in its tremendous achievements in various constructive endeavors. Briefings given to us by the comrades in charge and the exhibit on Ningxia's 30 years of achievements provided us with a general understanding of the region's successful buildup. Actual visits to various localities enhanced our impressions. Industry has grown from nothingness to its present unique system, which is now even exporting products to international markets. Full-scale developments in agriculture, forestry, and animal husbandry have made this region as flourishing as any richly endowed southern area. All of these are great achievements, and the progress made in other areas was also great. All ethnic groups here are leading happy and peaceful lives. However, there is a TV series called *He Shang*, which has negated our great Chinese nation and the Huang He in their entirety. To me, this TV program curses the Huang He and the Great Wall. It vilifies our great Chinese nation and the descendants of Huang Di. 2. The masses of the various nationalities and the cadres are united: relations between the Muslim and the Han and the other nationalities are quite good. Relations between the military and the government, between the military and the people, are also fine. For the 30 years since the founding of the autonomous region, all the peoples have upheld national unity and the solidarity of the nationalities; from beginning to end they have steadfastly sustained their convictions in traveling the road of socialism under the leadership of the party. Since the 3d plenum of the 11th party congress, the solidarity of the various nationalities has been strengthened, with mutual learning, mutual respect, and mutual struggles. This is Ningxia's major guarantee of success in its construction projects. 3. The various levels of cadres are carrying out the party line, principles, and policies through diligent and conscientious work. Whether they are cadres from this province or cadres who have come from other provinces, whether they are Han or minority cadres, all are working earnestly and conscientiously, contributing the sweat of their industrious labor and the wisdom of their minds to the cause of socialism in Ningxia Province. What we should especially mention here is the major contribution that the PLA has made to the buildup of Ningxia. In the future, their contributions will be even greater. 4. The future holds great possibilities for Ningxia. The natural conditions in the province are good; it is about to embark on a road of development uniquely suited to its special conditions, and has already established a substantial base. As the reforms progress, Ningxia will certainly see an even speedier development. [passage omitted]

Author Interviewed on 'River Elegy'
HK1012064288 Hong Kong MING PAO in Chinese
9 Dec 88 p 6

["Special interview" by staff reporter Ho Pin (0149 7340): "Su Xiaokang Talks About the 'River Elegy'"]

[Text] Like most intellectuals in Beijing, Su Xiaokang, a teacher in the broadcasting institute, lives in a simple dormitory. His articles "Inspiration From Floods and

Disasters," "The Fission of Feminine and Masculine," and "Notes on Mental Depression," and the television series "River Elegy" have, undoubtedly, shocked mainland literature and art circles like a "big bomb."

During an interview conducted by this reporter in his dormitory in Beijing last week, Su Xiaokang frankly stated that he did not expect "River Elegy" to arouse such strong repercussions in the country and abroad.

As he pointed out, the purpose of "River Elegy" is to encourage the whole people to discuss the history, civilization, and destiny of the nation in a reasonable and all-round manner. "River Elegy" selected the ideas of scholars, Chinese and foreign, ancient and modern. It contains over a dozen types of viewpoints. Taken as a whole, it portrays four types of mentalities: The mentality of crisis, the mentality of introspection, the mentality of regret, and the mentality of the world. A comparison between Chinese history and reality will enable us to feel that the old civilization is indeed declining, and this gives rise to misgivings about the "membership of the earth." It does not matter whether people agree with, object to, or even satirize "River Elegy." All this is not strange. As long as everyone can discuss freely, they are satisfied, he said.

What makes Su Xiaokang regretful is that some people regard "River Elegy" as a political issue. State Vice President Wang Zhen has repeatedly criticized "River Elegy" and called it a "big poisonous weed." Although Zhao Ziyang presented Lee Kuan Yew with a series of "River Elegy" videotapes, the discussion on "River Elegy" is not being allowed to continue. With the careful arrangement of the conservatives, a "Chinese" of foreign nationality who did not grow up on the Huang He water wrote an article attacking "River Elegy," and his article was front-paged by major newspapers in Beijing, thereby casting a shadow over Chinese literary circles.

Reports have said that after watching "River Elegy," a veteran state leader called the responsible persons of RENMIN RIBAO and the broadcasting, television, and film departments to his home and gave them a 2-hour dressing down. Subsequently, he led a central delegation to Ningxia to attend an anniversary celebration, during which he severely criticized "River Elegy." During the last meeting of the 3d Plenary Session of the 13th CPC Central Committee, he thoroughly criticized "River Elegy" without noting a single redeeming feature, and asserted that it is a big poisonous weed that is not to be shown to the public.

After relating this, Su Xiaokang indignantly said: Obviously, this is a violation of the central policy of not meddling in the creation of literature and art. If a debate between writers is not allowed, how can there be freedom of creation? As he revealed, he and a friend jointly wrote

an article entitled the "Utopian Oblation," which portrays the "Lushan meeting." This article has been published in this year's fourth issue of the magazine BAI-HUAZHOU [LAND OF A HUNDRED FLOWERS] run by the Jiangxi publishing house. The printing has been completed, but it cannot be distributed; it is being sealed up in the storeroom of the publishing house.

Su Xiaokang remarked that the problem of priority importance in reform is not the economic issue, but cultural construction—that is, building the nation's soul. He added: We cannot change our complexion, nor can we change the color of the Huang He. However, we can inject into our blood the most valuable fresh air of world civilization—equality, freedom, democracy, rule by law, humanity, and universal love in order to turn the standard of duty in the old civilization into the standard of right. In this way the Chinese nation will be full of vigor. Otherwise, no reform can be successful.

He pointed out that China's reform is difficult today because it is encountering huge obstacles from the old culture. The 39-year-old Su Xiaokang said that his 10 years' experience in the press had laid a solid foundation for his literary creation. He expressed the hope that he will be able to concentrate on studying the history of the last hundred years so he can create a television series portraying history during this period. In his new creations, he added, he will correct the excessively abstract method of explanation used in "River Elegy" and overcome lack of coordination between explanations and pictures.

Attacks on Henan, Fujian Post Offices Reported
HK1012012288 Beijing CHINA DAILY in English
10 Dec 88 p 3

[Text] Disorder is becoming a fact of life in post offices in some parts of China as angry customers wait for their long-delayed money orders to be paid.

Customers recently beat up staff members and broke windows in some post offices in the provinces of Henan and Fujian, and some offices in Henan were forced to close, according to the PEOPLE'S POST AND TELECOMMUNICATIONS.

Post offices in many parts of China are finding themselves unable to pay money orders on time.

The paper said that since August some people have had to wait at least a month or two to draw money out of the post offices in five of the prefectures in Henan Province.

Payment for a total of 76,166 money orders worth more than 8.6 million yuan has been delayed.

Henan Province Governor Cheng Weigao has asked the banks and post offices to step up their co-operation in a bid to ensure the money orders are paid on time.

A similar situation exists in Huian County, Fujian Province, where only 6 percent of the money orders can be paid each day on average.

The newspaper said a recent survey had shown that an average of 2.4 million yuan worth of money orders go to Huian County each day but the post offices there can pay out only 145,000 yuan with what is available from the banks.

Fujian Province has had to cope with a growing number of postal remittances recently as more and more local rural people who have left home to work outside mail their money home.

That has put great pressure on the local post offices which are unable to pay the orders on time.

Papers View UN Human Rights Declaration
HK1012045388 Beijing ZHONGGUO XINWEN SHE
in Chinese 1008 GMT 8 Dec 88

[Report: "Beijing Newspapers Carry Articles To Commemorate 40th Anniversary of 'Universal Declaration of Human Rights'"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing 8 Dec (ZHONGGUO XINWEN SHE)—On the occasion of the 40th anniversary of the adoption by the United Nations of the "Universal Declaration of Human Rights," Beijing's newspapers have come out with articles describing and assessing the declaration.

A signed article in today's RENMIN RIBAO discusses the creation and contents of the "Universal Declaration of Human Rights," stating that even though it is 40 years old the declaration's influence cannot be underestimated because it remains to this day a document of great vitality.

An article entitled "Socialism and Human Rights" published in GUANGMING RIBAO criticized the view that "human rights" is a bourgeois slogan that should not be used in socialism. The article believed that "be it in the international arena or inside the country, we can and should be able to speak of human rights boldly and assuredly, and human rights should not be a taboo subject."

Both articles put forward that the primary concern of today's international human rights activities should be focused on the questions of apartheid, colonialism, foreign aggression, gross and brutal human rights violation brought about by military occupation, as well as on the upgrading of the basic human rights of people in many developing countries—the right to survival which is being endangered by abject poverty caused by an unfair old international economic order.

China is one of the founding members of the United Nations, and in 1982 formally became a member of the United Nations Commission on Human Rights. China has been a signatory since 1980 to the International Human Rights Conventions, including the "Convention on Elimination of all forms of Discrimination Against Women," the "International Convention on Elimination of all Forms of Racial Discrimination," and the "Convention Prohibiting Torture and other Cruel, Inhuman, and Undignified Treatment and Punishment."

Li Peng, Qiao Shi at Crime Conference
OW1112091188 Beijing XINHUA in English
0850 GMT 10 Dec 88

[Text] Beijing, December 10 (XINHUA)—State and party leaders Li Peng and Qiao Shi met here today with the participants in a national conference on the work of reforming criminals.

The work of reforming criminals through labor and re-education of juvenile delinquents is "very important," Premier Li Peng said during the meeting.

China should make greater efforts to reform criminals into good citizens while giving a heavier hand to various crimes including those harmful to the country's construction and reform, he added.

Also present at the meeting were State Councillor and Minister of Public Security Wang Fang, president of the Supreme People's Court Ren Jianxin, Chief Procurator of the Supreme People's Procuratorate Liu Fuzhi and Minister of Justice Cai Cheng.

The six-day conference was opened last Tuesday and will end Sunday.

Li Peng Signs Auditing Regulations
OW1012121888 Beijing XINHUA Domestic Service
in Chinese 1211 GMT 7 Dec 88

["Local broadcast news service"]

[Text] Beijing, 7 Dec (XINHUA)—On 30 November, Premier Li Peng signed a State Council order promulgating "Audit Regulations of the PRC." These regulations will go into effect on 1 January 1989.

The Audit Regulations, containing 40 articles in 9 chapters, clearly and definitely stipulate the major tasks, functions, and powers of auditing organs, as well as auditing procedures, internal audit, social audit, and legal responsibilities.

The regulations stipulate: Auditing organs independently exercise the auditing power according to law, free from interference by administrative organs, mass organizations, or individuals. The audited organizations and their personnel concerned must implement the decisions

made by the auditing organs. Auditors exercise their functions and powers according to law and are protected by law, and no one shall retaliate against them.

The audit regulations also stipulate the following: The auditing organs have the authority to request budget plans, financial plans, final accounts, accounting records, and other relevant materials from the audited organizations. They have the authority to examine the accounts, assets, and relevant documents and materials of the audited organizations and to attend relevant meetings of the latter. If they discover that an audited organization is seriously infringing upon the interest of the state or is seriously violating financial and economic regulations, then they have the authority to request the department in charge to immediately stop that organization from continuing the offense.

PLA's Yang Baibing Addresses Military Cadres
HK0712105588 Beijing JIEFANGJUN BAO
in Chinese 19 Nov 88 p 1

[Report by Correspondents Xiao Jiangfeng (5135 3068 1496) and Liu Gewen (0491 2706 2429): "Thoroughly Implement Three Sets of Regulations, Institute and Perfect Supporting System—Yang Baibing Speaks at an Armywide Cadre Meeting"]

[Text] At the armywide cadre meeting that ended today, Director of the PLA General Political Department General Yang Baibing emphatically pointed out, in light of the spirit of the directives by the CPC Central Military Commission, that the focal points of the political work for the Army next year are to do a good job in the following: first, step up education in the situation and duties, and promoting the reform of political education; second, implement the program on strengthening the Army at the basic level, stepping up the work in an all-around way; third, improve the system relating to cadres and deepening the reform of the cadre work. Of all these tasks, the most important one is the building of the cadre ranks. At present and for a period in the future, the reform of cadre work will focus on thoroughly implementing the "three sets of regulations," and instituting and improving all supporting systems.

Yang Baibing said that under the leadership of the CPC Central Military Commission great successes were achieved in implementing the "three sets of regulations" throughout the Army in the preceding stage. The regulations concerning military service for officers on active duty will be formally put into effect as of next year. This is a major event for the building of the entire officer ranks. The leadership at all levels should do a good job in carrying out the regulations. To achieve this, the leadership should first apply themselves to studying the regulations. Apart from the vigorous efforts on the part of the newspapers and journals to publicize the regulations, all units should put aside a certain length of time between this winter and next spring to conduct education. The broad masses of military officers should be organized to

study the regulations in detail, in a correct way, trying to comprehensively understand the spirit of the regulations. In particular, the officers should be told to understand the necessity and rationality of some policy-related stipulations in the regulations, taking into account the overall interest of the building of the cadre ranks and Army, independent of personal prejudice. Apt solutions should be given to those questions that are insufficiently understood. Officers should reach a common understanding of the regulations so the regulations will play a positive role in freeing officers' minds of misgivings, mobilizing their enthusiasm, and pushing forward the building of cadre ranks.

He stressed that the regulations concerning military service for officers on active duty are basic statutes for cadre work and primary guidelines for exercising control over military officers. The regulations should be resolutely carried out as soon as they are promulgated. Practice has proved that it is important to formulate a good regulation; however, it is all the more important to implement it. The problems found in the building of the cadre ranks were caused by defective policies and systems, but quite a few of them were brought about by our failure to institute the rules and regulations in earnest. From now on, while continually improving the policies and institutions we should pay more attention to the malpractices of out-and-out disregard for regulations and laws. Otherwise, it is useless to formulate more good regulations. The leadership at all levels should pay special attention to this matter lest the regulations exist in name only and the masses have no faith in them.

Yang Baibing also said that issuing the three sets of regulations is a major reform of the system relating to cadres, and also a step of vital importance. The reform of cadre work remains arduous. In terms of the present situation with regard to our cadres, it is necessary to address the following problems before we can deepen the reform of cadre work and improve the policies and institutions: 1) exercise scientific and classified control over cadres; 2) normalize the procedures by which cadres are recruited, laid off, and promoted; 3) create favorable conditions for talented people to come to the fore; 4) increase the transparency of cadre work; and 5) assess the feasibility of some officers going professional. He said, deepening the reform of the system relating to cadres and improving the policies and institutions is a long-term task. We should proceed steadily as well as quicken our tempo in this regard. Leaders at all levels should work hard and conscientiously, and actively set about rectifying anything within their frame of reference that is not right. The major reforms affecting the overall situation should be carried out in a planned and orderly way under the unified leadership of the CPC Central Committee Military Commission.

Yang Baibing called on all departments in charge of cadre work to strengthen the building of their own departments, improve their ideological and political level, provide advice for the party committee in selecting

cadres, serve the cadres enthusiastically, and build their departments into "homes for cadres." They should also study hard, continually increase their knowledge, adhere to principles, be impartial and upright, and develop fine professional morality.

Finally, Yang Baibing emphasized, the experience in the past few years shows that we should rely upon cadres to solve the problems in the Army and straighten out the cadres' thinking before straightening out the soldiers' thinking. We should energetically implement the "three sets of regulations," strengthen our education and control over the cadres, bring the initiative of the broad masses of cadres into full play, ensure that the Army is highly stable, and do our jobs in all fields splendidly.

Some Price Readjustments Reportedly Postponed
HK1112023288 Hong Kong WEN WEI PO
in Chinese 11 Dec 88 p 1

[Dispatch from correspondent Liu Jui-shao: "China To Postpone Some of Next Year's Price Readjustment Measures"]

[Text] Beijing, 10 Dec—The CPC's top level has decided that some of the price increase items and measures set out in the "Initial Scheme for Price and Wage Reforms" for next year will not be implemented for the time being and will only be tabled when the time is right. This move will help to curb the momentum of inflation.

Yuan Baohua, chairman of the China Enterprise Management Association, said at a recent seminar that the rate of price increases indeed requires attention and concern. From 1978 to 1983, China's retail prices rose at an average annual rate of 2.8 percent, from 1985 to 1987 the rate was 7.3 percent, and in the first half of 1988 the rate rose to 12.6 percent. The momentum has been even more rapid in the second half of the year; in July the rate was 19.3 percent, in August 23.2 percent, and in September 25.4 percent.

Hence, some of the measures in the price readjustment scheme will not be implemented for the time being, to avoid further boosting inflation. According to the general ideas in the "Initial Scheme for Price and Wage reforms," land, water, and air passenger fares are to be readjusted; railroad fares are to be doubled, rising from 2 to 4 fen per 8 km, and luggage charges and platform ticket fares are to be raised correspondingly. Airline fares are to increase by 77 percent. In road transport, an average nationwide increase of 20 percent is scheduled, and water transport fares are to increase by 80 percent.

With regard to price increases caused by other factors, the government will strive to control the prices by other means, but officials have also indicated that there are many difficulties involved and the problem has to be dealt with in a comprehensive way.

With regard to certain current policies on economic retrenchment and market regulation and control [tiao kong 6148 2235], a central leader pointed out in a recent speech: People outside need not worry too much. All our government departments must keep clear heads, these are temporary measures. We must have definite aims in view and use things in an appropriate fashion. Certain administrative measures, especially legal measures, can be regarded as long-term. It is essential to use some of the old measures, otherwise we cannot get by, but it is necessary to keep clear heads; these old measures cannot be used too forcefully or for too long. It is necessary to make specific analysis and study.

Renminbi's Value Not Slated for Readjustment
HK1112015088 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1457 GMT 10 Dec 88

[Report: "Zhu Yixin Says China Will Not Readjust Value of Renminbi at Present"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong 10 Dec (ZHONGGUO TONGXUN SHE)—Macao sources: Chief Economist Zhu Yixin of the State Administration of Exchange Control said that the State Administration of Exchange Control is not to readjust the value of the renminbi at present despite the fact that foreign exchange black-marketing has gone rampant. He said that readjusting the value of the renminbi involves rather great complications; besides, the renminbi rate of exchange is rather stable. He stressed that China's foreign exchange certificates will continue to be circulated.

Zhu made the above statement here, having initialled an agreement with Macao's issuing institute's administration. Under the agreement, patacas will be accepted by authorized dealers all over the mainland at an exchange rate. He said that, the hinterland is cracking down on black market speculation in foreign currencies to rectify the foreign exchange market.

Minister Heads Conference on Labor Reform

Discusses Wages, Rural Labor
OW0912195388 Beijing Domestic Service in Mandarin 1030 GMT 9 Dec 88

[From the "National Hookup" program]

[Text] According to our reporter (Cai Xiaolin), Luo Gan, minister of labor said today in Beijing: Beginning next year, efforts will be made to improve the labor and wage systems, with emphasis on reducing the number of personnel and intensifying the wage reform.

Luo Gan said: To establish a normal economic environment and a normal economic order, the state must intensify the reform of its labor, wage, and insurance systems. The number of staff members and workers in state-owned units should not be increased, but rather

reduced. A number of staff members and workers should be laid off through efforts to curtail the scale of capital construction, close down some enterprises, suspend their operations, merge them, or convert them to produce other products, and by the adjustment of production structure and the optimum organization of labor.

Luo Gan continued: It is necessary to step up macrocontrol over the flow of rural labor into cities. In particular, it is necessary to strictly control the change of agricultural households to nonagricultural households. Regarding the laborers who have come to work in factories in cities, we should gradually put into effect an employment registration system and a factory work license system to lighten the burden on cities, especially big cities.

Luo Gan said: Regarding the wage system, we should strengthen the macromanagement of the wage funds. Matters concerning wages of overall importance can only be decided and arranged exclusively by the State Council. In addition to this, it is imperative to strictly control the issuance of labor safety devices to individual staff members and workers and prohibit the employment of child laborers.

As for next year's work plan, Luo Gan said: As far as the labor system is concerned, we should popularize the campaign for optimum organization of labor where conditions permit and make proper arrangements for the placement of surplus personnel. In the meantime, it is initially planned to select a few cities to experiment with the measures of enterprises laying off surplus staff members and workers and staff members and workers resigning their jobs. As regards the wage system, positive efforts should be made to implement and improve the system of linking the total wage amount of the enterprise with the economic results it has achieved. In addition, we should gradually improve the macroregulation and control system for wages and individuals' earnings.

In addition, Luo Gan said: In the next 5 years, we should gradually establish the basic frameworks of the systems of care for the aged and the unemployed, the system of medical care, and the system of industrial and commercial insurance that are compatible with the level of development of productive forces and the state of coexistence of various ownership systems in our country. The purpose is to put the work of social insurance on a new track.

Expects Wage Reform To Broaden
HK1012060688 Beijing ZHONGGUO XINWEN SHE in Chinese 1217 GMT 9 Dec 88

[Report by reporter Wang Xiaohui (3769 2556 2547): "More Chinese Workers Will Get Their Pay Linked to Economic Results"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 9 Dec (ZHONGGUO XINWEN SHE)—The distribution method characterized by the gross payroll linked to an enterprise's economic results has

been adopted in one-fourth of China's state-owned enterprises. Now the authorities are considering spreading this method among 70 percent of the large- and medium-size enterprises owned by the whole people, so that workers and staff may be paid in closer conformity with their actual work results.

The egalitarian distribution method, which China's enterprises have followed for years, has given people the impression that it makes no difference whether or not one works hard. Consequently, China's economic development has suffered. While reforming the state-enterprise distribution relationship in recent years, the government has worked on reforming the enterprises' internal distribution, with the implementation of diversified methods of distribution, such as the floating wage system, the job wage system, the quota wage system, the piece work wage system, the deduction wage system, and the structural wage system, to further embody the principle of distribution according to work and more work more pay.

Chinese Labor Minister Luo Gan fully affirmed the method of linking the gross payroll to economic results at the conference for directors at and above bureau level under the Ministry of Labor. In his opinion, this method will help give play to the enthusiasm of workers and staff as well as strengthen macrocontrol. Therefore, the method will be given wider scope next year. Moreover, the separation of the enterprise wage scale and that of government organs and institutions will be initially realized next year, so that an enterprise's wage increase will be shifted from relying on the state's arrangement to the track of relying on the enterprise's improvement in economic results.

In addition, Luo Gan also talked about the need to gradually make complete and healthy the macroscopic wage and individual income-regulating system. He said that it is necessary to accelerate the implementation of a level-to-level wage control and regulation system. Regarding the majority of localities and industrial departments, it is necessary for them to implement the linking of the general gross payroll of all enterprises to the general economic results of the locality and industrial departments. Should it be impossible to do so, the contract gross payroll system will be implemented.

Luo Gan also urged such departments as banks, taxation, auditing, and statistics to strengthen their functions in supervising and controlling wages. He said that it is necessary to set up and to make complete and healthy the system of declaring personal income, and added that income taxes will be strictly levied on those with high incomes.

Further Views Wage, Insurance Reform
OW1012042588 Beijing XINHUA Domestic
Service in Chinese 1328 GMT 9 Dec 88

[From the "Local Broadcast News Service"; by reporters Jiang Jun and Fu Gang]

[Text] Beijing, 9 Dec (XINHUA)—At a conference attended by directors of labor bureaus and departments from throughout China today, Minister of Labor Luo Gan asserted that we have attained noticeable achievements in the reform of our labor, wage, and insurance systems. However, he noted, we will encounter many problems and will have to carry out difficult tasks in future reform. The conference was the first to be held by the reorganized Ministry of Labor.

Luo Gan stated: We have made important breakthroughs in the reform of our labor system. The centralized job placement system governing employment has initially been replaced by one under which employment by assignment through governmental labor departments is integrated with voluntarily organized employment and self-employment. Cities and towns have added a new work force of 70 million in the past 10 years. A labor contract system has been applied in the recruitment and employment of workers. As of the end of October this year, state-run enterprises had employed 8.05 million contract workers, accounting for 8.3 percent of their total work force. In addition, the employment of regular workers [gu ding gong 0942 1353 1562] is being reformed on a trial basis. Presently, 9.6 million regular workers in 26,000 state-run enterprises have been reorganized to press for the optimum organization of labor. The "iron bowl" system which has been used for years is beginning to waver.

He added: The reform of the wage system is also being gradually implemented. A system whereby bonuses are linked to economic performance generally is being adopted by enterprises. Over one-quarter of the state-run enterprises have linked their total wages to their economic performance on a trial basis. Possessing some independent authority over wage distribution, enterprises have implemented various forms of distribution ranging from a floating wage, post wage [gang wei gong zi 1511 0143 1562 6327], quota wage [ding e gong zi 1353 7345 1562 6327], and piece rate wage. This has helped to break egalitarianism and arouse workers' enthusiasm. He added: A reform of the insurance system is also under way. More than 2,000 counties (cities) have presently instituted a system whereby the pension of workers is reasonably collected from enterprises in a unified manner by the society, thus positively pushing forward the socialization of labor insurance.

Outlines Reform Plans

OW1012040288 Beijing XINHUA Domestic Service
in Chinese 1433 GMT 9 Dec 88

[From the "Local broadcast news service"; by reporters
Fu Gang and Jiang Jun]

[Text] Beijing, 9 Dec (XINHUA)—Minister of Labor
Luo Gan today outlined a plan for reforming China's
wage, labor, and insurance systems in the coming year.

Luo Gan said: When reforming the labor system, we
must first promote the optimum organization of labor in
appropriate areas. We should first streamline the orga-
nization of cadres and office staff, and then workers.
When employing enterprise managers, we should gradu-
ally give equal treatment to both cadres and workers by
selecting the most qualified through open recruitment.
As for redundant personnel, we should rely mainly on
opening up new production, operations, and services in
enterprises to create more job opportunities. We should
institute an experimental system whereby layoffs and
resignations are permitted. From the standpoint of
reform, we should permit enterprises to lay off redun-
dant workers and allow workers to resign to seek other
jobs. We should expedite the establishment of a labor
market, invigorate the flow of skilled workers, make
more efforts in job creation and employment counseling,
and create an environment for enterprises to employ
workers on a selective basis and readjust their work
force, and for workers to compete with each other for
employment.

Luo Gan said: The implementation of a bankruptcy law,
restricted investment scale, and readjusted production
structure will combine to cause a very grim employment
situation in the coming years. Therefore, we must further
develop individual and private economies and encour-
age people waiting for job assignments as well as the
jobless to acquire jobs through voluntarily organized
employment and self-employment.

He said: As for reforming the wage system, we should
actively promote the method of linking total wages to
economic performance so as to gradually make wage
increases depend on enterprises' improved economic
performance rather than on state arrangements. Mean-
while, we should either institute a system whereby the
total wages of an enterprise are linked to the economic
performance of the locality where it is located or of the
department in charge of it, or institute a system whereby
total wages are based on a contract [gong zi zong e zong
bao gan 1562 6327 4920 7345 4920 0545 1626].

Concerning reform of the insurance system, Luo Gan
said: We will strive next year to institute in counties
(cities) a system where workers' pensions are to be raised
in a unified manner. We will also make joint efforts with
relevant departments to establish a unified budgetary,
financial, and auditing system for a pension fund.

Luo Gan stressed that the work force in publicly-owned
enterprises will not be increased, but rather reduced
through the closure and merger of enterprises and efforts
for optimum organization of labor. He added that efforts
will also be made to ensure that the growth of total wages
is within the endurance of the national capacity.

Views Rural Labor Restrictions

OW1112020788 Beijing XINHUA in English
1310 GMT 9 Dec 88

[Text] Beijing, December 9 (XINHUA)—China will take
stringent measures to check the flow of rural labor into
cities in the coming two years, Minister of Labor Luo
Gan told a national conference today.

The measure, which is considered as one of the major
steps to be taken by the central government to reform the
labor system during the country's efforts to improve the
economic environment and to straighten out the eco-
nomic order, is aimed at reducing the pressure building
up in cities in the past few years, the minister said.

The flow of rural labor into cities, big cities in particular,
in the past few years has been too rapid, Luo said. He
stated that a registration and licencing system for rural
laborers trying to find jobs in cities will be introduced.

Surplus farmers in rural areas should be absorbed by
local individual or collective businesses and other
aspects of the diversified rural economy, the minister
noted.

The number of employees of state-owned enterprises will
also be reduced next year through cutting down the
capital investment scale, closing or merging a number of
enterprises, and readjusting the industrial structure.

China will face a serious unemployment problem in the
coming years, he warned. In addition to the large num-
ber of new workers coming onto the labor market every
year, there will be more unemployed workers discarded
by bankrupted enterprises.

It is therefore advisable for the unemployed to organize
and find jobs for themselves through collective or indi-
vidual efforts. "Labor departments at all levels should
study the new situation and render better service in this
regard," Luo said.

Labor markets should develop and legislation relating to
wages and unemployment should be strengthened, he
urged.

The minister disclosed that the country will also intro-
duce a new measure allowing enterprise directors to
dismiss workers and workers to resign for other jobs on
a trial basis in some selected cities. This would change
the traditional practice of life-long employment.

Foreign Debt Said to Reach \$35 Billion
HK1212002488 Beijing CHINA DAILY
(BUSINESS WEEKLY SUPPLEMENT)
in English 12 Dec 88 p 1

[By staff reporter Xie Songxin]

[Text] Instead of going ahead with a longstanding plan to set up a bureau to oversee foreign debts, China has decided that two government bodies and the central bank shall manage money borrowed overseas.

This country, which just a decade ago was proud of not having to borrow money from either home or abroad, has now built up \$35 billion in foreign debt, a reliable source told BUSINESS WEEKLY.

The State Council has agreed that the State Planning Commission shall continue to decide the total amount of foreign borrowing, approve projects using borrowed money and decide on the sources and types of foreign loans.

The People's Bank of China will be allowed to handle and supervise China's foreign debts.

The bank has also been empowered to help borrowers decide on the forms of currency, length and terms of loans, interest rates on commercial loans and how to raise funds on the world market.

The Ministry of Finance is now responsible for raising, using and servicing foreign debts within the central government's budget plan.

Responsibilities are divided: the central bank is responsible for the borrowing and repayment of loans from the International Monetary Fund (IMF) and Asian Development Bank (ADB), while the Finance Ministry keeps control over loans furnished by the World Bank.

The Ministry of Foreign Economic Relations and Trade (MOFERT) is still entitled to negotiate for foreign government credits. The Finance Ministry will draft measures for reallocating these loans, which are at low interest rates and on favourable terms.

"No single Chinese Government body or organization is qualified to manage foreign debts alone at present," said an economist with the State Planning Commission.

She added that coordination of different institutions under the present separation system may be a better way of managing China's foreign debts.

A Finance Ministry official said the central government will stop giving firms or government departments the power to negotiate overseas borrowing. China has too many organizations which are eligible to obtain loans from abroad at present. The situation not only confuses foreigners but also makes debt management difficult.

The official said that the Finance Ministry, the State Planning Commission, the central bank and MOFERT were working on a set of draft provisions covering foreign debt management. The provisions, which will be published next year, will govern overseas borrowing and debt management.

The central government is also studying ways of tightening up on the management of commercial loans offered by foreign banks.

China has been borrowing money from abroad since 1979. Overseas borrowing by local governments and enterprises has increased dramatically in recent years as China has further opened to the outside world and local autonomy has expanded.

The official said the proportion of commercial loans within China's total foreign debt has become too high. Most of these high-interest, short-term loans have been taken on by local governments and enterprises.

The central government has already received pleas from local governments asking for help in servicing their debts.

"But the central government will continue to adhere to the principle that borrowers must be responsible for servicing their own debts," the official said.

China expects to reach a peak in paying off foreign debts beginning in 1992. However, the official said, he was sure China would then be capable of paying up as the projects using foreign loans will be starting to make profits and the export outlook is optimistic.

The State Planning Commission economist said China's management of foreign debts in recent years had proved to be effective despite the country's prior lack of experience in this field.

China has started to provide prompt statistics on foreign debts to the World Bank and IMF, and local governments have adopted measures to control the scale of overseas borrowing.

She said more than 100 key national economic projects are using money borrowed from abroad. About 30 have already started production.

Commentator on Export Economy, Technology
HK1212043788 Beijing RENMIN RIBAO
in Chinese 7 Dec 88 p 3

[Commentator's article: "Heading for the World by Relying on Science and Technology"]

[Text] Developing an export-oriented economy in the coastal areas is our firm development strategy. The key to such economic development is to export products to international markets. However, strong rivals gather in

the international markets and there is intense competition. The greatest difficulty that all export-oriented enterprises in our country face is to produce the right products that can hold a firm share of the international markets.

Should we rely merely on our low-cost labor? Our country indeed enjoys a relative advantage in this regard and we should do our best to give play to this advantage. However, we should also be aware that the competitive power derived from low-cost labor will not last long. The price of labor in our country is rising each year and the advantage will not increase. On the other hand, if we rely merely on intensive labor input it will be difficult for our products to compete with the technology-intensive products made by the developed countries in terms of property and quality.

Should we then rely on the combination of imported technology and our low-cost labor? In a certain stage of economic development this is a practical method. At present we face an open world, and science and technology have long been spreading beyond national boundaries. Being efficient in absorbing the wisdom of other nations demonstrates progress rather than humiliation. However, the present competition between different products in international markets is in fact technological competition. Foreign countries are not willing to transfer their most important and advanced technologies to us without reservation, so if we merely rely on imported technology our products will always lag one step behind those of other nations.

Therefore, in order to develop an export-oriented economy and ensure Chinese products of their share in international markets, we must rely on our own scientific and technological strength and development. Only when our own science and technology can match that in other countries can our products be really competitive in international markets.

Do we presently have this ability? We can say that in some fields if we have a correct policy and properly organized scientific and technological strength we will be able to achieve this. The success of the Panda Electronics Group, as this newspaper reports today, provides a convincing example. This enterprise group amassed 15,000 scientific and technological personnel and also made use of the contracted services of scientific and technological personnel from research institutes and institutions of higher education outside the group. Thus, the group achieved a certain scientific and technological advantage that enabled it to master the imported technology within less than 2 years and develop new products for export. If the group proceeds along this course it will realize a high level of "large-scale import and export."

The most important message the Panda Electronics Group gives people is that today's enterprises must rely on scientific and technological progress. Science and

technology form the most important factor of the productive forces. The success or failure of an enterprise on domestic and international markets depends on whether the enterprise leader attaches importance to science and technology and whether he is good at developing and utilizing it. In a broader sense, reliance on science and technology is the cornerstone for developing the export-oriented economy.

Article on 'Current Price Problem'
HK1212012688 Beijing JINGJI RIBAO
in Chinese 25 Nov 88 p 3

[Article by Chen Zhao (7115 2507): "Comprehensively Understand the Current Price Problem"]

[Text] The Extremely Complicated Causes of Price Increases

The causes of price fluctuations in an economy are highly complicated. There are both monetary and non-monetary factors. Especially if we consider the special developmental stage through which China is now passing and the important background behind the changes in the entire economic structure, we will find that the causes of the increase in the overall price level are even more complicated. If we attribute price increases only to excessive demand and the excessive issuance of currency, we are just oversimplifying things.

Of course, one cannot deny that the growth of demand in recent years has stimulated price increases. However, this is obviously inadequate if we really want to produce a faithful and comprehensive picture of the country's current price problem.

Some comrades have tentatively analyzed the causes of price increases from the perspective of changes in the industrial setup. Although their analyses are not quite perfect, they do to a certain extent offer logical explanations for the relative shortage of raw materials and farm products. Actually, only by beginning with an analysis of the questions of development and systems can one adequately account for the current price increases and predict the pattern of long-term changes in the country's overall price level.

For example, the current price structure and the present ways in which prices are set have caused serious distortions regarding the asset income levels [zi chan shouyi shui ping 6327 3934 2392 4135 3055 1627] in various industries. One of these is that prices have been made too low for the basic industries and agriculture. However, price setting in the processing industries is more market-oriented and their asset income is much higher than that of the basic industries and agriculture. In addition, the basic industries generally require higher capital and technological input than the processing industries. Given all this, whether in the development of non-agricultural undertakings in the rural areas or in the process of reinvestment in industry, people will naturally

go for the processing industries. As a result, the processing industries will excessively expand, the supply of products from agriculture and the basic industries will shrink relatively, and their prices will go up. Obviously, it is difficult to account for price increases caused by the price structure itself and the ways prices are set in terms of excessive demand and an excessive supply of currency. Similarly, we cannot overcome this kind of price increase by compressing demand.

In addition, international experience tells us that as per capita income increases, the structure of consumer demand will become increasingly varied, and this will in turn set higher demands on the mobility of the key elements of production. However, in developing countries, because of their imperfect market systems, their underdeveloped market structure, obstructions in their market systems, and various organizational defects, it is very difficult to stimulate the mobility of the key elements of production. This will inevitably lead to the intensification of structural market contradictions. As a result, prices will be forced up by structural compression. In China, the consumption channels are highly constricted, there are no financial assets that can encourage saving, and the trend toward equal income for the people still remains an unresolved problem. Therefore, there have always been rapid changes in the structure of consumer demand, and a new problem, a "synchronous shock [tong bu zhen dang 0681 2975 7201 5616]" characterized by the gradual development of a homogeneous consumer demand structure, has arisen. In addition, the country's underdeveloped market organization, structure, and system, coupled with restrictions from the old system, make the mobility of the key elements of production much more difficult than in ordinary developing countries. All this makes the country's structural market contradictions particularly serious and has brought about price increase mechanisms that are set in motion by structural shortages.

A basic question of economics must be clarified here: Can structural contradictions force up the overall price level? Many comrades think that structural contradictions can lead to prices fluctuations, but will not cause the overall price level to increase. This is actually a serious misunderstanding. This is straightforward: The real significance of prices lies in the relative relationship between them. Therefore, given structural contradictions, the prices of stockpiled goods usually will not drop. The reason is that if the prices of goods in structural short supply go up, the relative prices of the stockpiled goods will drop automatically. It follows that if the prices of goods in short supply rise very drastically, the absolute prices of the stockpiled goods can remain unchanged or even go up so long as the range of increases are smaller than the range of increases in the prices of the goods in short supply. This is the fundamental reason why structural contradictions can force up the overall price level. The conclusion made from this discussion is that structural price increases can only be overcome by

means of structure policies. If we misunderstand structural price increases as a question of total quantity and adopt the wrong economic policy as a consequence, we will intensify the problem of shortages and aggravate structural contradictions.

Finally, different socioeconomic systems have very different operational characteristics. In a capitalist economy, the essential nature of capital is such that it can put the expansion of production out of step with consumption. The regular pattern of the operation of a capitalist economy is characterized by relatively inadequate demand. However, since in a socialist economy, apart from the absence in property relations of internal mechanisms that can automatically keep wage levels down and stimulate the accumulation of capital, a bankruptcy system with binding force is also nonexistent and the price-reduction mechanisms in the economy are weakened. In addition, given all this, "hoarding tendencies," "the expansion impulse," and "inadequate effective supply" become common phenomena. Therefore, the problems of ever-growing prices and sustained shortages are long-term and regular phenomena in the working of a socialist economy. Obviously, this is a long-term problem relating to the question of systems. Short-term policies regarding total quantity cannot cope with this problem.

Here, we cannot explain all the causes of price increases. However, we should at least make it clear that the causes of the country's current price increases are highly complicated. We cannot exhaustively explain the country's current price problem in terms of the growth of demand and the excessive issuance of currency.

The Limitations of the Currently Employed Means of Control

In the face of the price problem, many comrades have suggested that the problem of price increases be solved by a retrenchment policy. However, past experience tells us that a retrenchment policy is not quite an effective policy and that it very often produces considerable side-effects. Why, then, can a retrenchment policy, which works in Western countries, not work in our own?

I think that a fundamental reason is the immense differences between our enterprise systems. In a capitalist economy, in the event of overall retrenchment, enterprises with poor economic results will have difficulty making payments, followed by bankruptcy, settlements, and the unemployment of some workers. In this way, overall retrenchment trims aggregate demand and contributes to the process of "sifting the good from the bad" and to readjustment of the production setup. However, the circumstances in our country are very different. At present, enterprises rarely go bankrupt. In addition, the country also faces great employment pressure. Therefore, it cannot afford to adopt a retrenchment policy at the cost of the bankruptcy of a considerable number of enterprises. The problem is that if, after adopting a

retrenchment policy, the country cannot recover the capital from the enterprises with poor results, enterprises with better results will be required to bear the burden caused by retrenchment because they have more capital and more money in the banks. In this way, enterprises with poor results will stay on and yet those with better results will be affected. Thus, it can be seen that because of the country's different background and different systems, its retrenchment policy is not exactly the same thing as that of countries with market economies. In addition, fundamentally speaking, these differences are what makes the negative effects of a retrenchment policy on supply outweigh the positive effects on efforts to contain the growth of demand.

There is still another very popular proposal on policy matters—the idea of increasing input in the basic industries and in the infrastructure through reductions in the amount of loans for the processing industries. This practice is commonly known as “structural readjustment.” One should consider this a well-meaning proposal. However, in practice it has great difficulties. A primary problem is how to smooth the relationship between structural readjustment and financial revenues.

We know that China's processing industries are mammoth industries. Their output value constitutes over 70 percent of the country's gross industrial output value. Therefore, the processing industries are an important source of the country's financial revenues. The readjustment in 1980 and 1981 caused the growth rate of industrial output value to drop 9.4 percent. As a result, the country's financial revenues decreased about 30 percent. In 1985, thanks to rapid industrial growth, the country's revenues and expenditures were quite satisfactory. In 1986 and 1987, the country's financial difficulties became increasingly serious. The reason was that relative recession set in as a result of the inappropriate constriction of the money supply. Obviously, China's current problem of structure is a “knife with two edges.” If we make readjustments by “containing the growth of the processing industries and protecting the basic industries,” government revenues will inevitably decrease and its deficit will grow. On the other hand, if we do nothing to check the development of the present structural contradictions, the excessive growth of the processing industries will lead to a “landslide” in supply and much of their assets will become idle assets as a result of the input “bottleneck.” Therefore, it can be seen that the difficulties and problems thus encountered should not be a result of poor control techniques or ill-refined readjustment. The problem is that it is necessary to handle the “knife with two edges,” in other words, China's structural economic contradictions. Past means of readjustment and control are no longer satisfactory. We are now urgently required by the reforms to look for new control ideas and new means of readjustment.

Basic Lines of Thinking Regarding the Problem of Halting Price Increases

Because of the country's gradually-developed repressed inflation [ya yi xing tong huo peng zhang 1090 2117

1840 6639 6303 5191 5195] and its irrational contrasting price relationships [bi jia guan xi 3024 0116 7070 4762] and since organizational and institutional conditions cannot become ripe overnight, the overall price level will inevitably continue to rise for quite a long time in the future. The only thing people can do is try to keep the increase of the overall price level within certain limits.

Judging by the current situation, we can proceed to deal with the problem of the drastic price increases by starting with the following things:

1. While deepening the enterprise system reform, gradually lift the restrictions on prices, use market mechanisms to readjust the relationship between the contrasting prices of different products, and put an end to the distortion of the different asset income levels of asset-income of various industries in order to counteract the improper orientation caused by the makeup of accumulation so we can resolve the structural contradictions between the basic industries, the processing industries, and agriculture and alleviate the pressure from structural contradictions on the overall price level.
2. Implement a retrenchment policy that mainly features efforts to raise interest rates. In China, where there is a relative shortage of capital, the prices of capital [zi jin jia ge] should be quite high. However, the country's interest rates have remained low and fixed for a long time. Under the condition of drastic price increases, low interest rates simply encourage borrowing and investment in currencies and people would be inclined to quickly spend much of their usable income on consumption. As a result, total national savings and the supply of capital will dwindle and serious currency and price problems will arise. Therefore, by raising interest rates drastically, we can discourage enterprises from raising loans, reduce the pressure from the demand for investment, “lock up” the people's monetary income, and allay the impact of excessive consumption on the market. An even more important point is that in the absence of an effective way to hold the rapid growth of the people's income in check, perhaps we can, by raising interest rates drastically, find a way of sustaining high income without keeping consumption high.
3. Transfer some state-owned assets and exchange for [zhi huan 4999 2255] the accumulated funds. At present, the country has a considerable amount of assets in stock. However, the distribution is quite irrational (too much for the processing industries and not enough for the basic industries). If the government exchanges some of these assets for the capital accumulated for the basic industries, the problem of inadequate industrial input would become less serious. Specifically, it can, by stages, auction small state-owned enterprises to township and town enterprises, collective enterprises, enterprise groups under mixed ownership, specialized corporations, individuals, foreign businessmen, or Hong Kong businessmen. Under present circumstances, if it auctions these enterprises in a period of 5 years it can make over 30

billion yuan a year. An even more important point is that these deals in assets will not [as published] lead to changes in the quantity of assets in stock. Through the transfer of assets, the government can actually convert the extra-budgetary investment in microscopic organizations [wei guan zu zhi de yu suan wai tou zi 1792 6034 4809 4930 4104 7315 4615 1120 2121 6327] into government income. In this way, it can cope with the enterprises' demand for investment on the one hand, and prevent the assets of the processing industries from increasing excessively on the other. The structural effects produced by the transfer of assets will be such that they can help us prevent economic shocks and supply problems similar to those experienced in the course of readjustment in the past.

Since the causes of our current price problem are highly complicated, it is necessary for us to make all-round efforts to overcome price increases. One is unrealistic if one hopes for notable effects from just one or two measures or means.

October Labor, Wage Statistics Reported
OW1112023088 Beijing XINHUA in English
0135 GMT 11 Dec 88

[Text] Beijing, December 11 (XINHUA)—China's national workforce in October totalled 133.19 million, an increase of 2.7 percent on the same month last year, the BUSINESS WEEKLY OF CHINA DAILY reported today.

Figures released by the State Statistical Bureau show that state-owned businesses employed 97.49 million people, an increase of 3.1 percent over October 1987; collectively-owned businesses in rural and urban areas employed 34.87 million people, up 1.1 percent; while 830,000 people worked in all other types of businesses, up 31.1 percent.

In October this year, the total wages paid to the nation's labour force registered a rise of 21.1 percent to 19.9 billion yuan.

A breakdown of wages paid according to types of business and organization showed that state-owned businesses and government organizations paid out 15.78 billion yuan, 21.6 percent more than in the same period last year; collectively-owned businesses paid 3.91 billion yuan, up 18 percent; and individually-run businesses paid 208 million yuan, an increase of 64.5 percent.

According to the statistics, the general index of retail prices in October stood at 126.1 points; the cost of living index at 127.1 points; the index of retail prices of

consumer goods at 127 points; the index of retail prices in state-owned shops at 124.7 points; and the index of retail prices of consumer goods on free markets stood at 136.5 points.

National Seminar on Perfecting Contract System
HK1212035788 Beijing RENMIN RIBAO
in Chinese 7 Dec 88 p 1

[Dispatch by reporter Jiang Shijie (3068 0013 2638): "National Seminar on Perfecting Contract System Held in Beijing"]

[Text] Beijing 6 Dec—"Perfecting the contract system is an effective measure in relieving current difficulties and doing a good job in economic readjustment!" This was stressed at the national seminar to perfect the contract system that opened today. The seminar is jointly sponsored by the China Enterprise Management Association, the QIUSHI Magazine Publishing Office, the Chinese People's University, the Capital Iron and Steel Corporation, and the SHIJIE JINGJI DAOBAO and its main aim is to study how to further stabilize, perfect, and develop the enterprise contract system during the period of improving the economic environment and correcting the economic order.

Information provided by the seminar shows that the time limit for putting industrial and commercial enterprises included in the national budget under contract has now generally been changed to 3 to 5 years. Various items under contract have begun to gradually move towards standardization on the basis of the "Regulations Governing Contracts" promulgated by the State Council. Economic results from enterprises under contract have shown an obvious improvement, but because the period during which the contract system has been introduced has been relatively short and the mechanism has not been perfected, some problems have also arisen in its enforcement. This has caused the results from some enterprises under contract to be unsatisfactory. There is a need to make further studies and improvements.

Over 100 comrades from industrial and theoretical circles and from party, government, and mass leadership organs in 16 provinces, municipalities, and regions attended the seminar. Among those who spoke today were Yuan Baohua, president of the China Enterprise Management Association; Gao Di, first vice president of the CPC Central Party School; Xiang Nan, Central Advisory Commission member; Zhu Houze, vice president of the All-China Federation of Trade Unions; Su Xing, editor-in-chief of QIUSHI magazine; Wu Xiang, vice president of the CPC Central Rural Policy Research Institute; and others.

East Region

Mao Zhiyong on Jiangxi Agricultural Development
*OW1012193988 Nanchang Jiangxi Provincial
Service in Mandarin 1100 GMT 5 Dec 88*

[By XINHUA reporters (Huang Zhengeng) and (Huang Boli)]

[Excerpts] Mao Zhiyong, secretary of the Jiangxi Provincial CPC Committee, talked to these reporters about the following concept: It is right to say that without industrial development there would be no prosperity. However, we should not apply this theory indiscriminately. Instead, we should take into consideration the different situations in different provinces and places. Wasting a large sum of funds on promoting already overheated industrial development is an act in total disregard of the overall situation. As far as Jiangxi is concerned, its advantage in natural resources is in agriculture. Jiangxi has a great future in developing agriculture, and agricultural development can bring prosperity to Jiangxi's peasants.

Mao Zhiyong pointed out: Jiangxi has the natural advantage of its bountiful agricultural resources. The sooner the province pays attention to developing agriculture and builds a group of solid and thriving farm and sideline product bases, the better. Therefore, in formulating a long-term economic development program, Jiangxi has proposed a per capita GNP, in the year 2000, four times that of 1980 by stressing agricultural development, which includes concentrating in the next 5 to 7 years on fighting a general battle of agricultural development, pushing ahead with the industrialization of agriculture, and working on agriculture as a systematic construction project. The province has also proposed, on the premise of guaranteeing that the provincial grain production surpasses the national per capita level, to place emphasis on developing diversified products, improving agricultural products processing, transforming medium- or low-yield farmland, and developing land, mountains, and waters that have been laid waste so as to increase the peasants' income. In developing rural enterprises, it is also necessary to attach as much importance as possible to the ones that have their foundation in agriculture.

Mao Zhiyong said: In Jiangxi's rural areas, many peasants achieve prosperity by growing paddy rice, cotton, citrus, bamboo shoots, tea, tobacco, and xianggu mushrooms, or by raising fish, ducks, pigs, and so forth. [passage omitted] This indicates that as long as we create a good political and economic environment for peasants and prevent the rural reform from retreating to the former path, peasants can also make profits from small-scale agricultural undertakings. [passage omitted]

Jiangxi is located near Guangdong and Fujian and, therefore, is able to benefit more from coastal areas than other inland provinces and to provide the coastal areas with more grain, meat, and other farm and sideline products and industrial raw materials. In return, the province can draw from coastal areas investment, equipment, and technologies to further advance its agriculture, step up the construction of farm and sideline products bases, and develop export-oriented agriculture by expanding the channels for agricultural products export through coastal areas. [passage omitted]

Socialist Theory, Reform Seminar Held in Jiangxi
*OW1012184788 Beijing GUANGMING RIBAO
in Chinese 21 Nov 88 p 2*

[By Zhou Haile, Wang Yongping, and Xia Xunliang]

[Text] A "Seminar on Modern World Socialist Theories and Reform" was held from 15 to 20 October this year in Lu Shan under the joint sponsorship of the Foreign Socialism Institute of the China Society of Scientific Socialism, the Jiangxi Provincial Social Science Academy, and the Jiangxi Steel Plant. Some participants at the seminar said that a new concept about socialism should be formulated.

According to these comrades, a gap exists between the traditional concept and the present reality of socialism. Therefore, we should reexamine the traditional socialist concept from a theoretical angle and formulate a new concept to replace it.

Many scholars expressed the opinion that the productive force is the core of the new socialist concept. The great attraction of a socialist country can only stem from its efforts to improve the people's well-being, to achieve stability in its society, and to make the nation rich and prosperous by developing productive forces.

Some comrades noted: The essence of socialism should be democratic humanism. On the whole, socialism, humanism, and democracy are concepts in the same category. They cannot be separated. The comprehensive development of man is the highest goal of socialism. To achieve this goal, a very important prerequisite is to promote democracy in all spheres of man's activities—economic, social, and ideological. Democracy is the basic foundation for normal social and person-to-person relations. Democracy is also one of the essential characteristics of socialism. Without democracy, there would be no socialism.

In a straightforward manner, some scholars pointed out: The essence of socialism is humanism. Man is the yardstick to measure everything. Man is the center of the development of history. Man has the highest value. Man determines the values of all things and all mankind in the world. Man is the decisive factor for all kinds of changes.

The free development of individuals is the precondition for the free development of all human beings. Doing everything for mankind and for the interests of mankind is the essence of socialism.

In addition, some comrades stated: To form a new concept about socialism, it is necessary to break with the traditional ownership theory. Public ownership does not equal socialism, for it is not the sole form of socialist ownership at its best. We should create conditions for various forms of ownership to compete on an equal basis and to complement one another. We should not artificially discard all other forms of ownership. Any form of ownership should be considered as a reasonable one as long as it can promote the development of productive forces.

Central-South Region

Guangxi Zhuang Region Celebrates Anniversary

Congratulations Received

OW1112151488 Beijing XINHUA in English
1034 GMT 11 Dec 88

[Text] Beijing, December 11 (XINHUA)—The Chinese Communist Party Central Committee, the Standing Committee of the National Congress and the State Council jointly sent a message of congratulation to the Guangxi Zhuang Autonomous region today to mark the 30th anniversary of its founding.

While extending cordial greetings to the people of all nationalities in the region, the central government praised the regional people, led by the Communist Party, for having made a great contribution to the revolutionary course of the Chinese people and Guangxi's liberation and prosperity over the past 50-odd years.

The establishment of the Guangxi Zhuang Autonomous Region in 1958 has signified a new page in the annals of Guangxi, the message said.

Under the leadership of the Guangxi Autonomous Regional party committee and the regional government, the Han people and 11 minority nationalities in Guangxi are working in unity and forging ahead and have made great achievements in socialist construction and defense of the motherland's border areas over the past 30 years, especially in the 1979-88 period.

The central government expressed the hope that the regional people and cadres of all nationalities in the region to adhere to the basic line of the Communist Party, which defines China as still being at the primary stage of socialism, and earnestly to improve the economic environment, rectify economic order and deepen the region's reform in line with its specific conditions. [sentence as received]

The message also called on the region to accelerate the training of more ethnical minority cadres, further arouse the socialist enthusiasm of local multi-national people for socialism and continue to strengthen the new-type, socialist relationship among the 12 nationalities in the region.

Leaders Attend Meeting

OW1112182988 Beijing XINHUA in English
1255 GMT 11 Dec 88

[Text] Nanning, December 11 (XINHUA)—More than 6,000 people of different nationalities gathered at the Nanning stadium here today to celebrate the 30th anniversary of the founding of the Guangxi Zhuang Autonomous Region.

Zhuang nationality girls presented Zhuang brocades, a woven handicraft, to members of the central delegation, headed by Vice-Chairman of the Communist Party Central Advisory Commission Song Renqiong, and delegations from the country's 19 other provinces, municipalities and autonomous regions.

A congratulatory message from the party Central Committee, the National People's Congress and the State Council was read at the meeting. It said, "The founding of the Guangxi Zhuang Autonomous Region in 1958 was a turning point in the region's history."

The message also conveyed congratulations to the people of Guangxi on their great achievements in economic development.

Song Renqiong and Fei Xiaotong, deputy head of the central delegation and vice-chairman of the National People's Congress Standing Committee, presented to the local leaders a silk banner which carries an inscription from senior Chinese leader Deng Xiaoping.

Song Renqiong also presented, on behalf of the central government, two million yuan to the region's education fund.

Located in southwest China and famed for its scenic spot of Guilin, one of China's most popular tourist spots, Guangxi now has a total population of 40.16 million, including 33.8 percent, or 13.605 million, of Zhuangs.

Addressing the meeting, Song Renqiong said that to accelerate development of the region, Guangxi should adhere to the reform.

"But the reform in Guangxi should proceed from local conditions. Every measure, as long as it is helpful to the development of production in the region, can be tried," said Song.

The vice-chairman urged local officials to improve the region's investment environment and enhance its competitiveness on the international market by making full use of opportunities provided by the economic development strategy now being implemented in the country's coastal areas.

He also stressed the importance to strengthen and develop a new socialist relationship among different nationalities and promote their unity.

At the meeting, an art ensemble from Beijing and local song and dance troupes put on performances.

Paper Marks Anniversary

OW1112110888 Beijing XINHUA in English
0842 GMT 11 Dec 88

[Text] Beijing, December 11 (XINHUA)—Today's "PEOPLE'S DAILY" in an editorial hails the 30th anniversary of the founding of south China's Guangxi Zhuang Autonomous Region.

The Beijing-based newspaper said the region's economy, education, culture, science and technology, public health, physical culture and sports work have made great progress over the past 30 years, especially during the past decade. Meanwhile, the life of the people of different nationalities has improved remarkably.

With the majority Han people and 11 ethnic minority nationalities, Guangxi is the most populous autonomous region in China. And Zhuang nationality is the largest ethnic minority group.

However, the paper noted, Guangxi's economic basis is still backward as compared with other parts of the country because of its historical reasons, geographical conditions and of being located near the country's front-line for national defence.

The region has probed new ways of development in line with its actual conditions in recent years. Nevertheless, per-capita gross national product (GNP), financial income and other major economic targets remain low.

The paper explained that Guangxi abounds in subtropical crops of economic value and in water, mineral and tourist resources; it has the close unity of different nationalities. Furthermore, it borders on Guangdong Province.

"PEOPLE'S DAILY" called on Guangxi to bring into further play its advantages and make full use of the right of autonomy the central government has granted to it, to introduce talented people from elsewhere in China or overseas and import investment and technology, so as to make it more prosperous.

Guangxi Radio, Television Develop Steadily HK1012064588 Nanning Guangxi Regional Service in Mandarin 1100 GMT 8 Dec 88

[Excerpts] Over the past 30 years radio and television [TV] broadcasting has developed steadily in Guangxi. Today there is a radio and TV network covering the whole region using 31 transmitter and relay stations. [passage omitted]

The region now has 12 TV transmitter and relay stations with a transmission capacity of over 1,000 watts, 722 low power transmitter and relay stations, and 286 ground satellite TV receiving stations. TV broadcasts reach 26 million people, 65.56 percent of the region's population. [passage omitted]

Radio and TV stations have been established in the cities and counties of Guilin, Nanning, Wuzhou, Liuzhou, Beihai, Bobei, Lipu, Qinzhou, Binyang, Pingnan, Sanjiang, and Wuxuan. Cable broadcast stations can be seen in all counties and cities and the majority of townships and towns. [passage omitted]

Henan's Yang Xizong Discusses Rural Reform HK0912143988 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 8 Dec 88

[Excerpts] During a fact-finding tour in Jiaozuo City a few days ago, provincial party committee Secretary Yang Xizong pointed out: In order to carry out the rural reform in depth, we must perfect the two-tier management system [shuang ceng jing ying—management by the individual and collective], improve the rural service system, vigorously develop township and town enterprises, actively promote the diversified economy, deepen the reform of the circulation structure in rural areas, render service in the interests of the rural economy, strengthen grass-roots organizations, and maintain closer ties between the cadres and the masses.

From 3 to 6 December, Yang Xizong made a fact-finding tour in the counties of Wuzhi, Boai, and Wenxian around Jiaozuo City. During his 4-day tour he called on cadres and masses and presided over forums to solicit opinions among local people on the further in-depth development of the rural reform.

The currently practiced contract system on the household basis has effectively brought the peasants' initiative into play and has played a great role in boosting agricultural production. However, the system of management by individual households can hardly solve many problems that may arise in production, such as technical problems, water conservation, and so on. The peasants who are working hard to get rich are looking forward to all these services. To meet their needs, the Jiaozuo City authorities have made great efforts to perfect a two-tier management system, and stepped up establishment and improvement of a social service structure. Different kinds of service systems have now been set up in 80

percent of the administrative villages under the city authorities and 50 percent of these systems are now operating satisfactorily. This has helped arouse the cadres' and the masses' enthusiasm in production.

Since the beginning of this year, Wenxian County has introduced a three-level four-aspect collective contracting system on a trial basis. This system involves organizations from the county, township, and village levels which contract for service in the four aspects of material supply, fund raising, technical work, and administration. The system has proven to be a great success. In its efforts for high yield and high economic returns in corn planting, Boai County has implemented a two-pronged responsibility system for agricultural production this year. Thanks to this system, the county has reaped both high yield and high economic returns, setting a high-yield record of autumn grain among other counties in the province.

Yang Xizong highly appreciated the above-mentioned collective contracting system and two-pronged responsibility system aimed at both high yield and high economic returns. He praised the two counties for their efforts to turn the ideas of two-tier management and improvement of service into concrete and regularized systems and for their contributions in providing valuable experience in deepening the rural reform.

Yang Xizong pointed out: The contracting system on the household basis is powerful indeed. But at the very beginning the system was quite crude and imperfect. We must improve not only the system of contracted responsibility for land management but also the contracting systems for tree farms, orchards, and vegetable farms. The contracting system for farmland has clearly defined the ownership of land and the right to use farmland, thus solving the issue of frequent change of ownership of farmland. This system has assured the peasants of their ownership of farmland and their income arising thereof and encouraged them to increase their investment in farmland. On the other hand, it is necessary to strengthen the service system and the functions of economic organizations at the village level, and to introduce a system of five centralizations and three services, namely, centralizing land management, crop planting distribution, tractor ploughing, water conservation and irrigation, and pest control; and providing services relating to technical assistance, purchase and marketing, and business information. The contracting system on the household basis can play a greater role only if the service system is regularized, the two-tier management system is improved, and the peasants feel assured of the stability of the contracting system. [passage omitted]

Yang Xizong pointed out: The peasants can get rich by vigorously developing township and town enterprises, as well as specialized and large-scale breeding of chickens,

oxen, and hogs. They should explore more ways. In brief, they should promote production in light of their local conditions, giving full play to their strong points to counter their shortcomings.

Comrade Yang Xizong fully endorsed the Jiaozuo authorities' efforts to switch their management orientation, to introduce the joint stock system on a trial basis, to perfect the internal management mechanism, and to set up all types of specialized cooperatives and associations. He urged local supply and marketing cooperatives to render service to the peasants with regard to everyday life and agricultural production and to cope with the needs of the rural market, serving as a major channel in invigorating commodity circulation in rural areas and in developing the rural economy.

During his fact-finding tour, Yang Xizong highly appreciated the assessment of party members' moral integrity and cadres' sense of discipline carried out by grass-roots organizations, acclaiming it as an effort to establish a regular and systematic procedure of party rectification which is favorable to the building of grass-roots organizations and can help improve the quality of cadres and party members. Yang Xizong noted: At present, to improve grass-roots organizations in rural areas and to strengthen the relations between cadres and the masses, we must concentrate our efforts on four aspects. First, we must enhance education among party members and cadres on the party's basic line and ideal, turn them into fully devoted servants to the people, and earnestly implement the party's basic line. Party members and cadres must strengthen political and ideological education among the masses, and thus give full play to their exemplary roles as pioneers and the role of party organizations as powerful fighting forces. Second, it is necessary to popularize the activities of assessment of party members' political integrity and cadres' sense of discipline, and thus develop an assessment system. Third, it is necessary to establish a two-pronged system of contracted responsibility, establish and improve the service system, and render good service to the masses. Fourth, it is necessary to guide the masses in developing the commodity economy, getting rid of poverty, and striving for common prosperity. So long as the quality of party members and cadres is improved and the relations between cadres and the masses are further strengthened, we can do a better job in deepening the rural reform and developing the rural economy.

People's Bank Appropriates More Funds for Henan
HK0912141388 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 8 Dec 88

[Text] To ease the shortage of funds in Henan Province, the People's Bank of China recently appropriated additional funds to the province. Having consulted with various banks, the People's Bank has decided to extend

some additional short-term loans to industrial and commercial banks and agricultural banks in various prefectures and cities. To ensure that these funds will be used properly, the provincial people's bank hereby issues the following circular.

1. The funds appropriated by the People's Bank should be regranted by the provincial branch of the People's Bank to prefectural and city branches of the People's Bank on some fixed terms according to the suggestions by the Industrial and Commercial Bank and the Agricultural Bank. The funds will then be granted by second-class branches of the People's Bank and local branches of the Industrial and Commercial Bank and the Agricultural Bank to end-debtors for specified use. The use of the funds will be subject to the supervision by the People's Bank.

2. All the short-term loans extended this time must be appropriated for specified purposes. Loans granted by branches of the Industrial and Commercial Bank should mainly be used to procure and import grain, edible oil, cotton fabric, meat, eggs, sugar, vegetables, salt, soap, washing powder, soy sauce, vinegar, fuel, and kerosene.

3. All the short-term loans granted this time will fall due by the end of next March. All local branches of the Industrial and Commercial Bank and the Agricultural Bank must make careful arrangements, keep the extension of loans under strict control, and ensure that all the loans will be paid back to the People's Bank by the end of next March.

4. All local authorities must hurry to make arrangements to supply agricultural and sideline products to the market, and see that money will be promptly recovered from the market. Specialized banks must promptly collect debts lent to enterprises, and the People's Bank on its part should recover loans granted to specialized banks, so as to speed up turnover of funds.

Secretary at Hubei Crime Fighters Commendation
HK1212095788 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 10 Dec 88

[Excerpts] A provincial meeting commending advanced elements in fighting criminals was solemnly held at the Hongshan Auditorium in Wuchang this morning.

In attendance were Guan Guangfu, Zhao Fulin, Qian Yunlu, Zhang Xueqi, Tian Qiyu, Chen Ming, Shi Chuan, Han Nanpeng, (Wang Congwen), (Wang Jieqing) and other leaders of the party committee, Advisory Commission, People's Congress, people's government, Discipline Inspection Commission and Military District of the province, as well as Li Qifan, president of the provincial Higher People's Court; and Zhong Shuqin, chief procurator of the provincial People's Procuratorate. They extended warm congratulations to the advanced elements who had been commended, and gave certificates of merit to them.

At the meeting, 64 heroic crime fighters were commended, of whom there were 20 individuals and 44 members of 14 advanced collectives. [passages omitted]

On behalf of the provincial party and people's government, Tian Qiyu, member of the provincial party committee Standing Committee and secretary of the judicial committee under the provincial party committee delivered a speech at the meeting. In his speech, he pointed out: To maintain social order, it is not enough to depend only on public security offices and judicial departments. We must also rely on the overall strength in the whole society and the active participation of millions of people. Only by so doing will we be able to engulf criminals in the boundless ocean of the people and create a situation in which every member of society will take part in maintaining public order. [passage omitted]

Hubei's Capital To Invest More in Agriculture
OW1012142588 Beijing XINHUA in English
1455 GMT 9 Dec 88

[Text] Wuhan, December 9 (XINHUA)—Wuhan City, capital of central China's Hubei Province, has decided to invest 40 million yuan more in agriculture next year, Mayor Zhao Baojiang told XINHUA today.

Wuhan administers six districts in the city proper, three suburban districts and four suburban counties, with a total population of six million.

The mayor said the city government decided to invest in agricultural production all of the 27.64 million yuan saved from the city's 16 capital construction projects which have been cancelled or postponed in the country's current nationwide drive to improve the economic environment and rectify the economic order.

The city government also decided to put an extra 14 million yuan into capital construction for agriculture, and use four million yuan to develop four grain and non-staple food production centers in the city's suburbs.

To ensure next year's harvests, the city government also decided to subsidize grain producers to the tune of 200,000 yuan to help buy 1.5 million kg of hybrid rice seeds, according to the mayor.

Hubei's Gezhouba Power Station Completed 10 Dec
OW1212092288 Beijing XINHUA in English
0659 GMT 12 Dec 88

[Text] Wuhan, December 12 (XINHUA)—Building of the Changjiang Gezhouba Hydroelectric Power Station, the largest of its kind in China, was completed on Saturday.

Now the station's 21 sets of generators with a capacity of 2.715 million kilowatts are all in operation.

According to its designed electricity generating capacity, the power station will produce 14.1 billion kilowatt-hours of electricity, which is three times more than China's total electricity generating capacity in the early 1950s.

Construction of the wholly-Chinese designed and built facility was begun in 1970s.

In 1986 and 87, 11 sets of generators with a total capacity of 1.375 million kilowatts were installed and went into operation.

The first phase of the Gezhouba project took six years and nine months to complete and the second required four and half years.

So far the value of the electricity generated by the station has accounted for two-thirds of its construction costs.

Southwest Region

Liu Zhengwei Named New Guizhou Party Secretary
HK1012000188 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 9 Dec 88

[Text] An enlarged meeting of the Standing Committee of the Guizhou Provincial CPC Committee, convened on 8 December, announced the decision of the CPC Central Committee to appoint Comrade Liu Zhengwei secretary of the provincial party committee, and to transfer Comrade Hu Jintao, former secretary of the committee, to the post of secretary of the Tibet Autonomous Regional CPC Committee.

Lu Feng, deputy director of the CPC Central Committee Organization Department, said at the meeting: This reshuffle is being made out of consideration for the requirements of work in Tibet and also in light of conditions in Guizhou. Guizhou previously had a foundation for its work, and this has improved still more in recent years. The provincial party committee is a relatively united team. It has done relatively well in implementing the central line, principles, and policies.

He also expressed belief that the comrades of all sectors in Guizhou will unite as one and work in concert to further improve work in the province and continually score new successes.

Comrade Hu Jintao said at the meeting. During the past 3 and more years of work here, I have formed deep affection for the province and the people of all nationalities and the cadres. The understanding and assistance of the masses and the support and cooperation of the cadres at all levels, including those present today, and in particular, the concern and frequent advice of many veteran comrades have given me profound education. Our work could not have reached today's standard without this understanding, support, assistance, concern,

and advice. May I take this opportunity to express my sincere thanks and a lofty salute to those present and to the masses, cadres, and veteran comrades throughout the province.

Comrade Liu Zhengwei said: Now that the central authorities have decided that I should preside over the work of the Guizhou Provincial CPC Committee, I feel that the burden on me is very heavy and the pressure very great. However, I think that with the collective leadership of the provincial party committee and the support of the veteran comrades, and by relying persistently on the masses, basing all work on reality, making decisions in a scientific way, and working really soundly, all difficulties can be overcome.

He said that he will continue to learn from veteran comrades who have been working in Guizhou for a long time, take root in the province, carry forward the party's fine traditions and work style, resolutely implement the line, principles, and policies laid down by the 13th party congress, resolutely rely on the cadres at all levels and the 30 million people of all nationalities, and make every effort to clear the way to forge ahead to transform the province.

Many comrades at the meeting spoke with great feeling.

Tibetan Paper Cited on Review of Human Rights
HK1112014288 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 10 Dec 88

[Excerpts] Today, 10 December, is the 40th anniversary of the UN Universal Declaration on Human Rights. Today's XIZANG RIBAO publishes at the masthead on page 1 its editorial department's answers to readers' queries on human rights issues.

One reader asked: What is the role of the Universal Declaration on Human Rights?

The editorial department replied: For the first time, the declaration proposed, systematically and on an international scope, the specific contents and goals of endeavor in basic human rights, and also [words indistinct] for future international human rights activities. Its role is positive and progressive.

A reader asked: What is the concept of human rights?

The editorial department replied: Traditional concepts of human rights define the rights and freedoms enjoyed by people. At present the majority of people hold that human rights include two aspects, individual human rights and collective human rights. Collective human rights are divided into democratic and self-determination rights and development rights.

A reader asked: One of the five points proposed by the Dalai Lama at the U.S. Congress human rights group committee in September 1987 was respect for the fundamental human rights and democratic freedoms of the Tibetan people. How do you view this issue?

The editorial department replied: Let us recall what kind of life the Tibetan people lived under the feudal serf system. In the past all powers of the local government were manipulated and held by the landlords and upper-strata religious figures. The ordinary people could not participate in politics. The local government's laws were important means for preserving the class interests and rule of the landlords and upper-strata lamas. [passage omitted]

Today, under the leadership of the CPC and in the great family of nationalities of the socialist motherland, the Tibetans are a member of the 56-member great family of fraternal nationalities and enjoy the right of complete equality. As a minority-nationality region, Tibet enjoys various local autonomy rights.

To extricate Tibet from poverty as quickly as possible, from 1952 to 1988, the central authorities provided the region with a total of 11.85 billion yuan in financial subsidies. Under the brilliant beams of the party's nationality policies, the Tibetan people have become the masters in leading and building a new Tibet. By now, Tibetans and other minority nationalities account for 61.9 percent of the total number of cadres in the region, ranking first in the country's five autonomous regions in this respect. [passage omitted]

Reviewing Tibet's centuries of history, the Tibetan people have never enjoyed such full and fundamental rights as now, nor have they been in such exuberant sprits as now.

A reader asked: Several U.S. Congressmen and certain other people accused China of violating human rights in Tibet. What was their purpose?

The editorial department replied: Several U.S. Congressmen and certain other people take the stand of the separatist elements. They bemoan the fact that the feudal ruling class in Tibet has lost its paradise and find it intolerable that the Tibetan people are determining their own destiny. They also brood on the loss of their own interests. Hence, they always make a big fuss about Tibetan issues in a bid to restore the feudal serf system here, to reach their unspeakable aims.

In accusing China of violating human rights in Tibet, these U.S. Congressmen are crudely interfering in China's internal affairs, and they have quite naturally encountered protests from the Chinese people and censure by fair international opinion.

A reader asked: In the great family of the motherland, the Tibetan people enjoy full democracy and freedom, in common with the other fraternal nationalities. What, then, are their obligations?

The editorial department replied: While fully enjoying democracy and freedom, the people of all nationalities in Tibet have the obligations to strengthen the unity of nationalities, oppose separatism, preserve the unity of the motherland, uphold the political situation of stability and unity, and promote economic construction, to make Tibet rich as soon as possible.

In babbling about human rights and freedom, causing riots, splitting the motherland, and sabotaging the political situation of stability and unity in Tibet, the handful of separatists are actually trampling on human rights, and the people of all nationalities in Tibet will absolutely not allow that.

Demonstration Leads to Riot, Retaliation in Tibet

Lamas, Nuns Start Riot

OW1012160088 Beijing XINHUA in English
1551 GMT 10 Dec 88

[Text] Lhasa, December 10 (XINHUA)—A group of lamas and nuns this morning started a riot in Lhasa, capital of China's Tibet Autonomous Region.

At around 10:30 a.m. leaflets advocating the independence of Tibet were found on the streets. Then, about 30 lamas and nuns gathered at the Ramoqe Temple and headed for the Jokhang Temple Square in Bargar Street.

On the way, some other people joined in. Some of them were seen waving flags in support of the independence of Tibet.

As the crowd grew unruly, policemen on duty began to take measures to stop the marchers, who were later dispersed.

Riot Reportedly 'Put Down'

HK1112003088 Beijing XINHUA Hong Kong Service
in Chinese 1440 GMT 10 Dec 88

["Lhasa Riot Is Put Down"—XINHUA headline]

[Text] Lhasa, 10 Dec (XINHUA)—This morning several score lamas and nuns caused trouble by staging a procession in Lhasa, resulting in a riot.

At 1030 this morning, people discovered pamphlets on the streets of Lhasa advocating independence for Tibet. Some 30 lamas and nuns, starting near the Xiaozhao Temple, staged a procession toward the Jokhang Temple Square on Bajiao Street. Some people joined in this procession as it made its way, and some waved the snow mountain and lion flag. At this point the number of

onlookers increased, affecting normal order. People's police on duty advanced to dissuade the marchers and took steps to put a stop to their trouble-making. The marchers were dispersed.

Police Open Fire on Demonstrators

BK1012101888 Hong Kong AFP in English 1013 GMT 10 Dec 88

[Text] Beijing, Dec 10 (AFP)—Chinese police opened fire Saturday [10 December] on Tibetan demonstrators in Lhasa killing at least two people and injuring several others, including a foreigner, a witness said.

The Western witness, speaking by phone from Lhasa, said the incident took place at about 1100 a.m. local time after a group of about 30 people gathered in the centre of the Tibetan capital to protest against the Chinese presence in the Himalayan region.

The witness said the demonstrators clashed with a patrol of Chinese police who opened fire on them killing at least two Tibetans and injuring several other people, including a foreign woman who was hit in the arm.

The demonstration coincided with the 40th anniversary of the signing of the United Nations Universal Declaration of Human Rights.

Officials here said Wednesday [7 December] party chief in Tibet, Wu Jinghua, had been replaced by a reformist ally of party leader Zhao Ziyang, in what diplomats said was a bid to placate pro-independence Tibetans.

Anti-Chinese riots in Lhasa in October 1987 and March this year left between 11 and 30 people dead and hundreds wounded.

Report on Shots Fired

OW1112133288 Beijing Television Service in Mandarin 1100 GMT 11 Dec 88

[Announcer-read "XINHUA news flash," from the "National News Hookup" program]

[Text] During the 10 December riot in Lhasa the police were forced to fire warning shots as the troublemakers refused to listen to persuasion and kept throwing stones and liquor bottles at civilian police, public security cadres, and police on duty.

In the ensuing chaos, one lama died and 13 persons were injured. Among the injured, two suffered severe injuries while others had light injuries.

Among these was a woman from the Netherlands named Meindersma Christin A. Frederika, who has come to Tibet three times as a tourist this year and who was seen at the scene of the riot. She was treated and then left hospital by herself.

More on Fatality, Injured

OW1112145388 Beijing XINHUA in English 1202 GMT 11 Dec 88

[Text] Lhasa, December 11 (XINHUA)—During the December 10 riot in Lhasa, capital of the Tibet Autonomous Region, the police were forced to fire warning shots as the trouble-makers refused to listen to persuasion and kept throwing stones and liquor bottles at police on duty, according to sources reaching here today.

In the ensuing chaos, one lama died and 13 persons were injured. Among the injured, two suffered severe injuries while others light injuries.

Included was a woman from the Netherlands named Meindersma Christin A. Frederika who has come to Tibet three times as a tourist within the year and who was seen moving in the scene of the riot. She was treated and then she left hospital by herself.

Details of Police Shootings

BK1012125088 Hong Kong AFP in English 1246 GMT 10 Dec 88

[By Patrick Lescot]

[Text] Beijing, Dec 10 (AFP)—Chinese police opened fire Saturday [10 December] on Tibetan demonstrators in Lhasa killing at least two people and injuring several others, including a foreigner, according to reports from Tibet.

A Western witness, speaking by phone from Lhasa, said the incident took place at about 11:00 a.m. local time after a group of about 30 people gathered in the centre of the Tibetan capital to hold an anti-Chinese protest.

The witness said the demonstrators clashed with a patrol of Chinese police who opened fire on them injuring at least two Tibetans and a foreign woman, who was hit in the arm. Her nationality was not known.

The witness quoted Tibetan witnesses as saying that two people were killed in the incident.

The report could not be independently confirmed.

A spokesman of Lhasa's Foreign Affairs Ministry said he was not aware of such an incident and added that the situation was calm.

The demonstrators, carrying banned nationalist Tibetan flags, marched around Jokhang Temple in the heart of Lhasa in a protest coinciding with the 40th anniversary of the universal declaration of human rights, the witness said.

Anti-Chinese riots took place at the same spot in October 1987 and March this year and left between 11 and 30 people dead and hundreds wounded.

The witness said that a patrol of Chinese riot police approached Jokhang at about 11:00 a.m. and opened fire before retreating under a hail of stones thrown by several Tibetans in the vicinity.

About two hours later Chinese police used tear gas to disperse hundreds of Tibetans gathered at Jokhang, the holiest temple in Tibetan Buddhism.

Convoys of armed police and special anti-riot squads had arrived Friday in the Tibetan capital, with armed patrols all over the town, the witness said, adding that foreigners were told to stay in their hotels.

An employee at the Lhasa hotel said by phone that guests had been asked Saturday morning, before the reported incident, not to go out into the streets.

A receptionist contacted at the Yak Hotel in Lhasa said he had heard that there had been a shooting incident but added that people were freely walking the streets.

Tension had mounted in Lhasa ahead of human rights day Saturday, with security tightened in fear of anti-Chinese protests, according to reports received from Tibet in the past few days.

Lhasa had been put in a virtual state of siege on October 1, as authorities feared trouble on the first anniversary of the anti-Chinese protests in 1987.

The latest incident came three days after the communist party chief in Tibet, Wu Jinghua, was replaced by Hu Jintao, a reformist ally of party leader Zhao Ziyang, in what diplomats said was a bid to placate pro-independence Tibetans.

China has yet to reply to a proposal by Tibet's exiled spiritual ruler, the Dalai Lama, to hold talks next month in Geneva. Beijing had in September offered to open negotiations with him at a place and time of his choice.

The Dalai Lama, exiled in India since fleeing Tibet in 1959, proposed in July to renounce full independence for the Himalayan region in exchange for autonomy in all areas bar foreign policy and defence.

Situation Tense; Dutch Woman Held

**HK1212141688 Hong Kong AFP in English 1356 GMT
12 Dec 88**

[Text] Beijing, Dec 12 (AFP)—Lhasa remained tense Monday, two days after Chinese police opened fire on anti-Chinese demonstrators killing at least two and possibly up to 12 people, foreign witnesses contacted by the press here said.

Despite a strong police presence, many Tibetans visited the scene of the shooting, where a patrol of Chinese riot police opened fire Saturday on a crowd which had gathered around a group of about 30 monks and nuns who were calling for Tibetan independence.

Varying reports from witnesses have put the number of dead at between two and 12, while Chinese authorities have only confirmed the death of one monk.

Many visitors were in tears as they stood outside Jokhang Temple, the scene of two bloody anti-Chinese demonstrations in the last 14 months, foreign tourists contacted by telephone said.

A curfew has been imposed between 10 p.m and 6 a.m, the sources said, adding that the police had visited local hotels to check foreigner's passports.

A tourist from the Netherlands, Meindersma Christin A. Frederika, 26, who was hit in the arm by a bullet during the demonstration, has been refused permission by authorities to leave Lhasa, Dutch diplomatic sources said.

The Dutch Embassy has contacted the Chinese Foreign Ministry to determine whether the woman was free to leave, the Dutch source said.

The Chinese press has suggested that the woman, a student, may have been involved in the demonstration, saying she had traveled to Lhasa three times this year to carry out unspecified "activities."

The woman has denied the allegations, the diplomatic source said.

The Chinese police visited her in her hotel room where she is recovering and searched her luggage and took her photograph, the same source said.

The authorities had accused foreigners of taking part in the October 1 demonstrations in Lhasa.

Armed police from special anti-riot units formed in 1983 are patrolling the streets, while police have taken up positions on rooftops surrounding Jokhang Temple.

Reliable witnesses said the police opened fire Saturday without warning at a range of 20 metres, (65 feet).

The day before the protest, Tibetans had been warned that they would be shot if they took part in any sort of demonstration marking the 40th anniversary of the United Nations Universal Declaration of Human Rights, the sources said.

No official death toll was given after the demonstrations on October 1, 1987 and in March this year, but witnesses estimated the dead at between 11 and 30.

Article on Penalty for Separatists in Tibet
HK1212041688 Hong Kong TA KUNG PAO in Chinese
12 Dec 88 p 2

["Political Talk" column by Shih Chun-yi (2457 0689 3768): "It Is Prohibited To Engage in Separatism Under the Pretext of Human Rights"]

[Text] Last weekend, on the occasion of the 40th anniversary of the "Universal Declaration of Human Rights," a group of lamas and Buddhist nuns made trouble in Lhasa, Tibet. A XINHUA report said that 1 person died and 13 others were wounded in the incident; a Netherlands woman was among the wounded. She had been to Tibet on three occasions as a tourist. She was slightly injured in the incident 2 days ago and was discharged from the hospital after treatment.

In September and October last year and March this year, a small number of separatists in Tibet stirred up a series of incidents in an attempt to disrupt peace in Tibet with the final aim of separating it from the motherland by instigating foreign powers to interfere and cooperate. This scheme will never succeed. The incident on the occasion of the anniversary of human rights was, essentially speaking, aimed at bringing about "Tibet's independence." This is entirely different from defending human rights. Reports from the scenes said that the trouble makers shouted the slogan of "Tibet's independence," distributed leaflets advocating independence, and waved Xueshan lion banners symbolizing independence. The lamas and Buddhist nuns inciting the demonstration were "separatists under the cloak of kasaya [patchwork outer vestment worn by a Buddhist monk or nun]." Their refusal to accept advice finally led to a bloody incident. Therefore principal culprits who refuse to repent after repeated advice must be severely punished according to law. Law and discipline must be strictly enforced so as to protect human rights.

China is in favor of the "Universal Declaration of Human Rights" and takes an active part in the activities promoting human rights and basic human freedom. China became a member of the Human Rights Commission in 1982 and joined the seven international human rights treaties. At the 40th anniversary of the "Universal Declaration of Human Rights" held at the United Nations last week, Chinese Ambassador Ding Yuanhong attended and made a speech acclaiming the major and far-reaching significance of this declaration and urging the correction of violations of human rights in many parts of the world. In addition, the Chinese Government resolutely safeguards sovereignty and territorial integrity and does not permit foreign intervention in China's internal affairs or any attempt to split Chinese territory.

In handling the human rights issue, it is necessary to make a distinction between international responsibility and a country's jurisdiction. A violation of human rights resulting from hegemonist or colonialist aggression is an international law matter. In this case the international

community should not stand idly by. For example, countries around the world should propagate justice and assist the oppressed people in South Africa, Palestine, Afghanistan, and Cambodia, whose basic rights have been cruelly violated by foreign aggressors, colonialists, and racists. But the political, economic, and cultural rights of the people of a country as well as how it protects its minority nationalities are internal affairs under the country's jurisdiction; other countries should abide by the principle of noninterference.

Tibet is a sacred part of Chinese territory. Any attempt to create "Tibet's independence" and split the motherland's territory under whatever pretext will be opposed by the entire Chinese people, including the majority of Tibetan monks and nuns. Striving for human rights cannot be used as a pretext to create separation. As a matter of fact, Tibet was in the past under the serf system. Since its peaceful liberation, Tibet has witnessed social and economic development and great progress has been made in the Tibetans' basic rights. All this is beyond compare with the past. It is true that there were some leftist practices during the "Cultural Revolution," but the damages resulting from these practices were commonly shared by the Chinese people during those days of misfortune; these did not constitute a special oppression against Tibet. A turn for the better has been realized in Tibet's political and economic situation as a result of the implementation of various policies over the last 10 years. Instigating incidents does not enjoy popular support. It is comprehensible that some Tibetans are a little prejudiced because of their past wounds, but splittists who maintain illicit relationships with foreign powers must be resolutely suppressed so as to preserve the tranquility of the Tibetans.

AFP Views 'Harder Line' on Tibetan Protesters
HK1212092088 Hong Kong AFP in English 0902 GMT
12 Dec 88

[By Patrick Lescot]

[Text] Beijing, Dec 12 (AFP)—The Chinese authorities' decision to open fire on Tibetan protesters at the weekend was a marked change from a similar incident in March when police were under orders not to fire on crowds, analysts say.

Westerners in Lhasa said that police had warned Tibetan protesters ahead of time that they would be killed if they tried anything on Saturday.

A police patrol opened fire without warning on some 30 lamas and nuns staging an anti-Chinese protest in Lhasa Saturday, killing at least two and possibly up to 12 people, according to Westerners in the Tibetan capital.

The Chinese authorities have said that one person died and 13 were injured when police were forced to open fire to disperse marchers.

The eyewitness accounts of police opening fire without warning were in sharp contrast to a similar protest on March 5, when police had been officially told not to open fire on the crowds.

But the timing of Saturday's protest also showed greater political awareness on the part of the Tibetan lamas and nuns involved, one western diplomat here said.

The protest not only coincided with the 40th anniversary of the United Nations Declaration of Human Rights, it also marked the first time that China had chosen to officially commemorate the anniversary.

But while Beijing is keen to preserve a good international image on human rights, it feels that foreign governments and international organisations such as the U.N. are not seriously concerned about events in Tibet, the diplomat said.

Not a single government complained to the U.N. in 1950 when Chinese troops moved into Tibet, regarded by the communist government in Beijing as an integral part of Chinese territory.

The Dalai Lama, the Tibetans' temporal and spiritual leader who has been living in exile in India since an abortive anti-Chinese uprising in 1959, and his supporters regard China as an occupying colonial power.

The decision to order police to crack down on Saturday's protest marked a "fundamental change in attitude" which was linked to uncertainty over talks next year between Beijing and the Dalai Lama, an Asian diplomat here said.

The Dalai Lama in June offered what was seen as a major concession, saying that he would agree to China retaining responsibility for Tibet's defence and foreign policy if it were given complete autonomy in all other respects and Beijing stopped sending its Han ethnic majority to "colonise" the area.

China said in September it was prepared to hold talks with the Dalai Lama, and invited him to suggest a time and place.

The Dalai Lama has proposed talks in Geneva in January, a proposal to which Beijing has not yet responded.

Saturday's incident meant that the Chinese "are leaving the Tibetans no choice but to resort to violence," one Western diplomat said.

But there are nonetheless signs that Beijing is pursuing a two-pronged approach, cracking down as on Saturday but at the same time, for example, not accusing the "Dalai Lama clique" of being behind the unrest, as has been the case in the past.

Only three days before Saturday's protest, Beijing announced that Hu Jintao, 46, generally regarded as a moderate, had been appointed head of the Communist Party in Tibet.

The authorities have released several lamas arrested during an anti-Chinese protest in October 1987 and following the March 5 protest, while at the same time warning that such actions should not be interpreted as a sign of weakness.

Ngapoi, Bainqen Talk About Tibetan Studies
HK1012041388 Beijing ZHONGGUO XINWEN SHE
in Chinese 1500 GMT 6 Dec 88

[Report by reporter Zhou Jianmin (0719 1696 7044):
"Ngapoi and Bainqen Talk About Tibetan Studies"—
ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 6 Dec [ZHONGGUO XINWEN SHE]—
At the (enlarged) cadre meeting held for the first time here today by the China Tibetan Studies Center, Ngapoi Ngawang Jigme and Bainqen Erdini Qoigy Gyaincain made the following appeal: The emphasis of Tibetan studies should be primarily placed on the development and study of the Tibetan language and Buddhism because they are the foundation and source of Tibetan studies.

Bainqen pointed out that the development and study of the Tibetan language and Buddhism have now become a life and death problem for the Tibetan nationality. Under the guidance of the "left" line, the neglect or even total abandonment of the Tibetan language in an attempt to replace all languages in China with the Chinese language has caused unimaginable damage to the Tibetan language. He said: The process whereby different nationalities mix together should be long and natural. Artificial assimilation is not workable.

In relation to Buddhism, Bainqen said: The process of transforming the Tibetan nationality from a savage nation to a modern nation began only after Buddhism was introduced into China. Buddhism is a standard yardstick of the Tibetan sense of values. Therefore, if we conduct Tibetan studies without any consideration of religion, those studies will not bear fruit. He thinks that in Tibet the religious problem is also a national problem. Bainqen pointed out: "Millions of serfs oppose feudalism but respect Buddhism. This is a fact in Tibet today."

Vice Chairman Ngapoi Ngawang Jigme, who has been a high-ranking official since the end of the 1950s, also complained that Tibetan studies had not received much attention during the past 2 or 3 decades for a variety of reasons. The situation has only improved since 1978.

Ngapoi advised the participants that in particular they should respect historical facts when studying Tibetan history.

The China Tibetan Studies Center was established in May 1986. After working on a series of sifting and research projects during the past 2 years, it has completed the collation of 16 scriptures written in Tibetan into the "Collection of Filed Historical Data on the Relationship between Tibet and the Motherland (First Draft)," containing over 500,000 characters, and the "Tibetan Scripture of China." It has also put on microfilm a few hundred thousand pages of precious Buddhist scriptures written between the 8th and 14th centuries, and has published a series of books and magazines about Tibetan studies. This meeting emphasized the organization and coordination of all sectors throughout the country specializing in Tibetan studies to thoroughly study and develop Tibetan culture. For this reason the meeting formulated a plan of selected topics for 57 major projects, to be completed between 1989 and 2000, on aspects of history, religion, language, society, economy, culture, and education.

Bainqen also pointed out that Tibetan studies may be limited to Tibet, but actually they should also include the study of Tibetan culture in places like Punakha, Sikkim, and Nepal.

Yunnan Governor Urges Agricultural Development
HK0912041788 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 8 Dec 88

[Excerpts] Yunnan Provincial CPC Committee deputy secretary and Governor He Zhiqiang stressed in a speech at the provincial rural work conference today: Yunnan must regard the vigorous development of agriculture as the primary undertaking in its economic development. Through boosting agriculture, we should promote light industry and use the accumulation from light industry to promote development. This is a path of self-reliance, self-accumulation, and self-development suited to the province's realities, and we should persistently follow it for a long time. [passage omitted]

He Zhiqiang's speech was entitled "The Whole Party Must Set To Work, Make Concerted Efforts, and Do Everything Possible To Reap a Bumper Harvest Next Year." He spoke on the following issues:

1. Take a correct view of the rural situation and place agricultural development in the conspicuous position.
2. Adopt highly effective measures to ensure that next year's grain production will reach or exceed 10 billion kg.
3. Invigorate the mechanism, readjust the structure, and speed up the development of township and village enterprises.
4. All sectors and trades must contribute to striving for a bumper harvest next year. [passage omitted]

He Zhiqiang said: We must realize that there are many difficulties in our province's rural work. The outstanding one is: Grain production has stagnated for 4 years, and the grain situation is very grim. This has already constrained the province's economic development to a serious degree. Hence, the leaders at all levels must enhance

their sense of responsibility and urgency over the issues of strengthening the agricultural foundation and striving for bumper grain harvests, and bring their thinking into line with the spirit of the national rural work conference. We must correct one-sided ideas such as, if we have money, we can have grain, and, growing grain does not make money, together with short-term behaviour that only pays attention to the present and neglects the long term.

He Zhiqiang said that to ensure that the province's grain production reaches or exceeds 10 billion kg next year, it is essential to make rational use of farmland, readjust the crop mix, and maintain stability and growth in the grain area. We must strictly prohibit the indiscriminate occupation and use of farmland and strictly implement the laws and regulations on land. We must rationally readjust the production structure and move tobacco and sugarcane cultivation up into the mountains as much as possible. [passage omitted]

The province must increase investment in agriculture. We should establish an agricultural development fund by increasing the amount of capital allocated by the budget, have cash crops subsidize grain crops, organize investment by rural collective capital, and readjust the rural credit structure, to ensure that the credit capital available for grain production next year will be higher than this year. We should strive to obtain some of the agricultural development funds arranged by the state, use international loans and foreign investment, promote lateral ties with other provinces, and so on in order to raise capital to ensure increased investment in agriculture.

The province must increase supplies of chemical fertilizer and other agricultural production materials. [passage omitted]

We must vigorously popularize scientific measures for increasing production and strive to increase grain yields. [passage omitted]

We must whip up an upsurge of agricultural capital construction focused on harnessing the waters and improving the land. [passage omitted]

We must stabilize and perfect the contract responsibility system with payment linked to output, based on the household. We must do a good job in organizing efficient operation of land. Cases of allowing contract land to turn barren through abandonment must be dealt with according to law. [passage omitted]

He Zhiqiang also announced that, to encourage the province to get a good grasp of grain production, the provincial party committee and government have decided to award prizes for raising grain output to a new level. Prefectures, cities, and counties that achieve new

records in grain output will be commended and rewarded. There will be great rewards for those that exceed the previous record by over 5 percent.

North Region

Rural Farmers in Beijing Sell Grain to State
DW0912212788 Beijing XINHUA in English
1119 GMT 8 Dec 88

[Text] Beijing, December 8 (XINHUA)—Grain purchasing departments in Beijing have so far purchased more than 280,000 tons of grain from rural farmers this year, about 87 percent of the annual target.

Local authorities expected the target to be hit ahead of schedule.

Beijing's rural counties harvested 2.346 million tons of grain this year, showing an increase of 3.35 percent over the previous year.

Local officials attributed the good harvest to the sustained efforts to develop grain production. Local rural industries contributed 300 million yuan to support agriculture.

The city spent 27 million U.S. dollars last year on importing chemical fertilizers. More than 100 agricultural experts, since 1980, have been employed by local government to help farmers increase their production.

Inner Mongolian Border Defense Work Viewed
RK0912034488 Hohhot NEIMENGGU RIBAO
in Chinese 23 Nov 88 p 1

[Text] Recently, during an inspection tour to our region's central and eastern parts to examine the border defense work, Zhou Yibing, commander of the Beijing Military Region, and Li Laizhu, deputy commander, spoke highly of Inner Mongolia Military District's border defense work, which greatly boosted the morale and responsibility of all border defense officers and soldiers to serve as "windows," representatives, and models.

Turning the border defense troops into "windows" to display the prestige of the state and Army, "the honorable representatives of the People's Armed Forces," and "models defending the border areas," are important policy decisions put forward by the party committee of the Beijing Military Region earlier this year on giving different guidance to the Armed Forces, especially to the border troops. Members of the party committee of the Inner Mongolia Military District resolutely implemented the directives of the top leaders of the Beijing Military Region and held party committee meetings on many occasions to unify thinking, goal, and actions. Since the beginning of this year, Commander Li Guibin went to the border defense forefront on six occasions to deeply realize the situation in the regiment, Army units, border checkpoints, and outposts. Political Commissar

Yang Enbo, who was transferred to the border area less than 6 months ago, went deep into the Hulun Buir grassland and the Chinese-Soviet border near Ergun He on two occasions to conduct investigations and study. In line with the instructions from the higher levels, the party committee of the Military District first put forward clear objectives, long-term plans, and strict criteria for building the border defense troops and for the border defense companies by summing up their years of experiences and lessons in border defense building. The border defense troops stationed in two exit points of Erenhot and Manzhouli set strict demands on themselves and took the lead in carrying out the building of model border defense companies of a honor guard type at the exit points, hired instructors from the Beijing Honor guard brigade to give strict training in the fields of military drills, Army appearance and discipline, soldiers' conduct, and courtesy and manners in line with the state standards for honor guards, thus turning the exit point companies and Army units into pacesetters in building a regularized Army.

Building "windows," and serving as representatives and models have set new tasks on the soldiers in cherishing and feeling at ease in the border areas and have instilled new vitality into their work of building and defending the border areas. The broad masses of commanders and fighters have kept their minds on defending the border areas, worked diligently, and have better fulfilled various border defense tasks. They have also implemented the principle of keeping friendly ties with their neighbors and fulfilled the work of holding dialogues and meetings and conducting external propaganda. Marked progress has been achieved in building a regularized Army, great changes have taken place in material and cultural life, and closed ties have been maintained among the Army, the people, and the people of various nationalities. A prosperous, peaceful, and stable situation has emerged on the 800-li frontier.

Shanxi Improves Transport Facilities for Coal
OW1012132788 Beijing XINHUA in English
1533 GMT 9 Dec 88

[Text] Taiyuan, December 9 (XINHUA)—Shanxi Province, China's leading coal producer, is improving transport facilities to boost coal exports.

With verified coal reserves of 230 billion tons, accounting for one third of the country's total, Shanxi turns out 230 million tons of coal a year, of which 70 percent is shipped out of the province mainly by railway.

At present, the province has seven trunk railway lines linked to 12 branch and 400 special lines. It also has more than 200 coal wharves on the Yellow River.

To ship more coal, the province is building a modern railway line linking Datong, a main coal center, with Qinhuangdao in Hebei Province, one of China's open coastal cities. Upon completion next year, the 630 km line will be able to carry 100 million tons of coal out of Shanxi a year.

In addition, the province is expanding and upgrading its highway system. By the end of this year, 11 highways being built specially to transport coal will be operative.

After another 13 highways go into operation next year, Shanxi's coal shipment by road will rise from five million tons in 1980 to about 30 million tons a year.

Li Ruihuan at Opening of Tianjin Film Show
SK1112041188 Tianjin City Service in Mandarin
2300 GMT 10 Dec 88

[Excerpts] A review show of films on fish-and-water relations opened with grandeur at the Daguangming Theater on the afternoon of 10 December. Attending the opening ceremony were Li Ruihuan, Tan Shaowen, Yang Jingheng, Wang Xudong, Lu Xuezheng, Huang Yanzhi, Shi Jian, and Xiao Yuan, municipal leaders; Bai Hua, veteran comrade; Zhang Zhen, director of the political department of the Tianjin Garrison District; and Xie Guoxiang, director of the Propaganda Department of the municipal party committee. They watched a domestic feature film "Heroic Sons and Daughters" together with the audience. [passage omitted]

Li Ruihuan, secretary of the municipal party committee and municipal mayor, spoke at the opening ceremony. Referring to the reason for holding the film review show, Li Ruihuan said: The reason is to further publicize and advocate our party's glorious traditions and political advantages. The films on our country's revolutionary history vividly reflected from different angles our party's glorious traditions and political advantages. Our party's political advantages are epitomized in the fish-and-water relations between the party and the masses. All party members should remember that all party's tasks are directed toward making the masses understand and fight for their own interests. The films on our revolutionary history have given prominence to this. The purpose of this film review show is to enable party members and cadres to receive some education from watching the films, to enhance their sense of respect for the masses, and then to take the initiative in solving the current problems in the relations between the party and the masses, further trust and rely on the masses, and render service to them. Meanwhile, this film review show also represents an improvement of ideological and political work. Let education be manifested in recreation. We also hope that the masses will watch the films in order to enhance their confidence in carrying out the work of improvement and rectification under the party leadership.

Northeast Region

Heilongjiang Emergency Conference on Power Supply
SK1012040088 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 9 Dec 88

[Text] The provincial government again held an emergency conference on 9 December to coordinate and solve the problems of the coal, power, and transportation

departments, and to make arrangements for the power supply for this winter and next spring. The province's power supply is under a difficult situation in December. At present the province lacks 24 million kilowatt hours of electricity, a shortage of 37 percent. The provincial government's principles of determining production on the basis of power supply and of ensuring key projects at the expense of ordinary projects in power supply have not been implemented successfully. Electricity stealing and waste by residents is still serious, and there is still a large shortage of coal for power generation and heat supply. In view of the current problems, the conference stressed the following:

We should give wide publicity to the current situation of power supply and demand, and guide enterprises and the masses to persistently conserve and use power in a planned manner.

Second, the province's principle for power supply for some time to come is to ensure power supplies on a priority basis for the people's everyday life, key urban administration projects, departments in charge of confidential or important work, colleges and universities, key enterprises, and rural threshing work and grain purchases.

Third, we should conscientiously do a good job in fuel supply, and fully tap the potential for power generation and supply.

Fourth, mass power conservation activities should be carried out on a large scale.

Fifth, we should recover overdue fees as quickly as possible to ensure normal production as well the coal and power supplies of coal and power enterprises.

Sixth, leading persons at various levels should personally attend to the work related to coal and power supplies and transportation, and take resolute and timely measures to solve the problems.

Heilongjiang's Transportation Progress Reported
SK0912042588 Harbin HEILONGJIANG RIBAO
in Chinese 23 Nov 88 p 1

[Text] The province's volume of railway goods transported in 1978 was 85.92 million tons and that in 1987 was 117.22 million tons, a 36.4 percent increase during the 10-year period.

The province's number of railway passengers transported in 1978 was 77.07 million and that in 1987 was 116.97 million, a 51.8 percent increase during the 10-year period.

The province's volume of highway goods transported in 1978 was 78.88 million tons and that in 1987 was 73.65 million tons, a 6.6 percent decrease during the 10-year period.

The province's number of highway passengers transported in 1978 was 55.6 million and that in 1987 was 116.97 million, a 51.8 percent increase during the 10-year period.

The province's volume of ship cargoes transported in 1978 was 3.14 million tons and that in 1987 was 5.09 million tons, a 62.1 percent increase during the 10-year period.

The province's number of ship passengers transported in 1978 was 990,000 and that in 1987 was 1.3 million, a 31.3 percent increase during the 10-year period.

The province's volume of air cargo transported in 1978 was 900 tons and that in 1987 was 4,300 tons, a 3.778-fold increase during the 10-year period.

The province's number of airline passengers transported in 1978 was 26,000 and that in 1987 was 158,000, a 507.7 percent increase during the 10-year period.

Jilin's He Zhukang Visits New Market 10 Dec
SK1112055488 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 10 Dec 88

[Text] A large market in canopy—the (Jiangnan) market in Jilin City—opened today. He Zhukang, secretary of the provincial party committee and provincial governor, visited the market. With more than 700 counters and more than 1,000 clerks, the market deals in vegetables, nonstaple foods, general merchandise, household supplies, and furniture.

Jilin Report on Contracted Grain Purchases
SK1112052588 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 10 Dec 88

[Summary] As of 10 December, Jilin Province had purchased 3.81 million tons of grain, accounting for 81.9 percent of the contracted purchasing task and equivalent to 3 times the amount purchased in the same period last year. Of the total, the amount of paddy rice was 494,000 tons, 90 percent of the contracted purchasing task and more than 30,000 tons over the total amount purchased last year; that of soybeans was 249,500 tons, 84 percent of the contracted purchasing task and more than 500 tons over the total amount purchased last year; and that of corns was 3.03 million tons, more than 2.13 million tons over the amount purchased in the same period last year.

Chiang Ching-kuo's Son Denies PRC Contact
*OW0912150988 Tokyo KYODO in English 1438 GMT
9 Dec 88*

[Text] Hong Kong, Dec. 9 KYODO—Chiang Kao-wu, the eldest son of the late Taiwanese President Chiang Ching-kuo, has denied a recent report that he had had contacts with Deng Pufang, the eldest son of China's senior leader Deng Xiaoping, according to press reports in Taipei.

Chiang, now China's commerce representative in Singapore, made the denial at a Foreign Affairs Committee Session of the Taiwanese parliament on Thursday [8 December], according to the Taipei reports.

Replying to a parliamentary questioner, Chiang said he had neither met the junior Deng nor discussed with him possible talks between the nationalists on Taiwan and the Chinese Communist Party, the reports said.

Deng Pufang is the president of the China Federation of Handicapped People.

Indirect Importation of More PRC Goods Allowed
*OW0912065988 Taipei International Service
in English 0200 GMT 7 Dec 88*

[Text] The Economic Ministry's Board of Foreign Trade will, in the near future, announce another itemized list stating which agricultural and industrial raw materials from Mainland China will be allowed to be indirectly imported.

The board stated that although many manufacturers here have requested that the board allow in a great deal of raw materials from the mainland, however, after review, the new list will remain to be fairly selective.

Since ROC [Republic of China] economic and trade officials have allowed the nation to have more elastic trade policies, the government has already allowed the indirect import of 15 mainland agricultural and industrial raw materials. However, in order to reduce local production costs, local manufacturers have asked the government to allow a more varied slate of raw materials to be imported.

A board official stated on Tuesday that the government wants to work with manufacturers to secure cheap raw materials. Therefore, by the end of the month, a new list of which materials can be indirectly imported will be announced. However, the official stated that it is not wise to have local manufacturers rely too heavily on mainland raw materials. He said that the policies of the Chinese communist regime are very unstable. If mainlanders do not abide by contracts, he added, this could spell trouble for local producers.

Taiwan Approves Return of Mainland Veterans
*OW0912120188 Taipei CHINA POST in English
3 Dec 88 p 11*

[Text] Some 2,000 Taiwanese soldiers stranded in Mainland China will be able to return home and live here after authorities yesterday prepared to lift a ban on their return.

The cabinet-level Mainland Affairs Task Force said the veterans will be allowed to bring back their spouses and minor children. If the veterans are members of the Chinese Communist Party (CCP) [as published], they should sever their ties with the CCP in a public announcement before entering Taiwan, the task force said.

The decision requires the approval of the cabinet, after which details for its implementation will be worked out by government agencies.

The decision will affect at least 2,000 Taiwanese soldiers who were sent to the mainland to fight the Chinese communists between 1947 and 1949.

Unable to return to Taiwan for the past 40 years, most of them, now in their 60s, got married and were assigned jobs by the mainland authorities.

The task force said that only Taiwanese soldiers who voluntarily joined the army between 1947 and 1949 and then were stranded in the mainland may apply to settle in Taiwan. Their applications will be checked against historical records and must be approved by the Defense Ministry.

Subsidies

Taiwan Governor Chiu Chuang-huan said on Monday that the returning Taiwanese soldiers could get financial support from the government.

The provincial government has submitted to the cabinet materials about soldiers left behind on the mainland and their families in Taiwan. They will get the aid if they meet social welfare requirements, Chiu said.

The Vocational Assistance Commission for Retired Servicemen (VACRS) said it is ready to help the returning soldiers find medical treatment and employment.

At previous meetings, the task force discussed but reached no agreement on whether the veterans should be compensated for staying on the mainland.

Mainland China authorities say there are about 5,000 Taiwanese soldiers living on the mainland. But records at the provincial government cite the number as 1,367. Most of the soldiers are aborigines from Taitung and Hualien.

Hong Kong

Sino-British Liaison Group Meeting Continues

Communique Issued

OW1112003288 Beijing XINHUA in English
1152 GMT 9 Dec 88

[Text] Hong Kong, December 9 (XINHUA)—The Sino-British Joint Liaison Group (JLG) discussed a number of questions and achieved positive results during its 11th meeting held here from December 6 to 9, according to a joint communique issued here today.

The communique said that "the group had a full and useful exchange of views on practical arrangements for the defence of Hong Kong and the maintenance of its public order, and agreed that discussion should be continued at expert level. [no closing quotation mark as received]

The group had a further exchange of views on the question of the establishment of a court of final appeal in Hong Kong, it said.

It also said the JLG welcomed the progress made on the localization of legislation. Following the agreement reached at its tenth meeting on questions relating to the localization of legislation on admiralty jurisdiction in Hong Kong, the relevant legislation would shortly be introduced.

This would become the first piece of localized legislation in Hong Kong, it said.

The group continued their exchange of views at the meeting on questions relating to the localization of legislation on merchant shipping and civil aviation, it added.

The JLG noted the further progress made in concluding Hong Kong's air service agreements and reached a common understanding on related points, it said.

During the meeting, it said, the JLG continued its discussion of future arrangements for the surrender of fugitive offenders between Hong Kong and relevant countries. "The two sides reached agreement on the basic principles for these arrangements. They agreed that experts should continue to discuss relevant details," it said.

"The Joint Liaison Group welcomed the large measure of agreement already reached in the standing sub-group on international rights and obligations on Hong Kong's continued participation in the activities of the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the International Development Association (IDA)," it said, adding that the standing sub-group will continue its discussions.

The communique also said the group welcomed the close co-operation which had continued to develop between the two offices of the Sino-British Joint Liaison Group since they took Hong Kong as their principal base in July this year.

The JLG decided that its next meeting would take place in Beijing from March 14 to 17, 1989.

Guidelines for Military Sites

HK1112033388 Hong Kong SOUTH CHINA
MORNING POST in English 10 Dec 88 p 5

[By Stanley Leung]

[Text] The Sino-British Joint Liaison Group (JLG) has drawn up a set of guidelines to deal with future redevelopment of military sites now occupied by the British garrison.

The two sides have generally agreed that the redevelopment of sites has to take account of Chinese military needs in the territory after 1997 and Hong Kong's growing economic and social needs for more land resources.

This was one of the crucial items tackled during the four-day plenary session of the JLG which ended yesterday in Hong Kong.

A joint communique issued yesterday only said "the group had a full and useful exchange of views on practical arrangements for the defence of Hong Kong and the maintenance of its public order."

The British leader, Mr Robin McLaren, the assistant under-secretary of the British Foreign and Commonwealth Office (FCO), said "the group had useful exchanges on the question of sites now being occupied by the British garrison and facilities which the Chinese troops need to have in Hong Kong."

It is believed the British team identified potential sites for future redevelopment, including the British Military Hospital and the Gun Club in Kowloon.

But the redevelopment has to be in line with China's own plan as to where its troops should be stationed.

Mr McLaren said more discussions were necessary on the complicated question. Another expert meeting of the defence sub-group is expected to be called in the next few months before the next plenary session scheduled for March 14 and 17 in Beijing next year.

Although Chinese troops would not move in until July 1, 1997, a British source said the barracks for the troops must be in place well before the handover date.

The source rejected suggestions that detailed talks had been held over the redevelopment of individual sites.

One official from Beijing's Defence Ministry, Mr Yao Shiran, took part as an expert in this week's JLG discussions.

It was also announced yesterday that British JLG member Christopher Hum—also the outgoing head of the FCO's Hong Kong Department—will be replaced by the new department head, Mr Alan Paul. Mr Hum is to take up a new job in Britain's United Nations mission in New York.

During the four-day session, the JLG also briefly touched on the setting-up of the Final Court of Appeal in Hong Kong and reached agreement on the basic principles for the future extradition of fugitive offenders between Hong Kong and relevant countries.

The Chinese team was led by Ambassador Ke Zaishuo, with its members including Hong Kong-based officials Wang Jiaji, Zheng Weirong and Qiao Zong-huai, and a Chinese Embassy official in London, Miss Chang Youyun.

Other British members were Hong Kong officials Donald Liao Poon-huai and Barrie Wiggham, and an Hong Kong-based British official, Mr Doug Martin.

Session Concludes 9 Dec

HK1012025788 Hong Kong HONGKONG STANDARD in English 10 Dec 88 p 3

[By Yau Shing-mu and S.Y. Wai]

[Text] The year 1992 would be too early to establish a court of final appeal in Hong Kong, the senior Chinese Sino-British Joint Liaison Group (JLG) leader said yesterday.

Ambassador Ke Zaishuo also said any decision on establishing a court of final appeal should not be made before the Basic Law was formally declared in 1990.

Mr Ke was speaking after the conclusion of the 11th JLG meeting.

It was the first time Chinese officials had specifically commented on a time frame for the handing over of judicial responsibility.

Mr Ke said he did not want to see the link between the local judiciary and the British Privy Council cut too soon.

"I think 1992 is a bit early," he said.

He said the setting up of a court of final appeal was an issue involving "the problem of convergence"—a term usually employed by the Chinese side to indicate that any major structural and policy change in Hong Kong must be compatible with the Basic Law.

Therefore, he said such a court should not be set up before the Basic Law was formally ratified.

However, he said some groundwork could be done in advance and both sides might go on exchanging views on "technical" aspects. He did not explain what he meant by technical.

It is understood Beijing would acquiesce to the Hong Kong Government making preparations. For instance, promotion of High Court judges may go ahead according to the government plan.

Other subjects discussed by the four-day JLG meeting ranged from defence and public order, localisation of law, air service agreements, and arrangements for transfer of fugitive offenders, through to Hong Kong's status in four international bodies.

The two sides disagreed on whether the JLG should discuss the government plan for allowing foreign lawyers to practise Hong Kong law.

The Chinese wanted discussion but the British maintained that it should be an internal matter for the Hong Kong Government.

Chinese officials are of the view that the proposed policy change, which could alter the "previous system", had aroused much concern and controversy.

Therefore, they said, the change was significant enough to be dealt with by the JLG.

The Chinese side argued that any far-reaching structural change from the "previous system" should be discussed by the Chinese and the British Governments, especially when the change might be "detrimental" to the well-being of society.

From the Chinese point of view, "previous systems" generally refers to systems in force when the point declaration was signed in 1984.

However, British officials said their concept "was that we should not restrict change but let things continue to change." The next meeting of the JLG will take place in Beijing from March 14 to 17.

Basic Law Drafting Committee Issues Communiqué
HK0912140588 Beijing ZHONGGUO XINWEN SHE in Chinese 1333 GMT 8 Oct 88

["Enlarged Meeting of Hong Kong Special Administrative Region Basic Law Drafting Committee Issues Communiqué"]

[Text] Guangzhou, 8 Dec (ZHONGGUO XINWEN SHE)—After the enlarged meeting of the Hong Kong Special Administrative Region Basic Law Drafting Committee ended in Guangzhou today, it released a communiqué.

The communique said that the current meeting referred to the consultation report of the Basic Law Consultative Committee and examined, one-by-one, the amendments to the "The Draft Basic Law of the Hong Kong Special Administrative Region of the PRC (for Solicitation for Opinions)" made by the five special subgroups for relations between the central authorities and the Hong Kong Special Administrative Region, for the fundamental rights and duties of inhabitants, for the political structure, for the economy, and for education, science, culture, sports, religion, labor and social services on the basis of widely solicited views. It was unanimously agreed to submit the amended draft for the solicitation of opinions to the 8th plenary session of the Basic Law Drafting Committee for discussion.

During the meeting, the committee members still received various views from various circles in Hong Kong about the political reform program. After a discussion, the meeting decided to distribute in printed form these views to all committee members for consideration and discussion during the (eighth plenary) session.

The meeting considered that the five consultation reports edited by the Hong Special Administrative Region Basic Law Consultation Committee on the basis of opinions and suggestions from various circles in Hong Kong on the Basic Law (draft) for the solicitation of opinions obtained during the consultation period are detailed in content and very useful in the drafting of the Basic Law. The meeting expressed appreciation and thanks for the large amount of work done by the Hong Kong Special Administrative Region Basic Law Consultative Committee.

Secretary General of the Drafting Committee Li Hou said to reporters: The program adopted at the current meeting can still be discussed continuously and amended continuously. He hoped that various quarters in Hong Kong would show a bit of restraint in regard to the "mainstream program" on the system of government. He said that the work done by the drafting committee is motivated by the aim to bring about Hong Kong's prosperity and stability.

Law Drafter Offers Amendment on Chief's Election
HK0912021388 Hong Kong SOUTH CHINA
MORNING POST in English 9 Dec 88 p 1

[By Chris Yeung in Guangzhou]

[Text] Basic Law drafters are likely to speed up the pace of democratic changes in Hong Kong after 1997 by advancing the selection of the chief executive by universal suffrage by five years to 2007.

Making an about turn from his original proposal not to choose the chief executive by direct elections until 2012, Mr Louis Cha said he would put forward an amended proposal at the plenary meeting of the Basic Law Drafting Committee (BLDC) next month after considering local views.

Mr Cha, a Hong Kong co-convenor of the BLDC's political sub-group, cited the consensus reached by eight local groups earlier this week on speeding up democratic changes as the reason for amending his proposal.

"It's clear now to all Hong Kong people that the present proposal can definitely be changed. I'm convinced personally that fast political changes are risky. But if Hong Kong people want to take risks, I'll agree," said Mr Cha.

The eight groups, which have been seen as moderates, agreed that a referendum should be held during the term of the second chief executive between 2002 and 2007 to determine if the post should be filled by direct elections after 2007 rather than by an indirect electoral system.

The eight groups are the Hong Kong People's Association, University Graduates' Association, Group of 38 educationists, Federation of Trade Union, Federation of Hong Kong and Kowloon Labour Unions, Hong Kong Chinese Civil Servants' Association and the New Hong Kong Society. Some independent Basic Law Consultative Committee members also agreed to the consensus model.

The groups have proposed that a third of the legislature in 1997 should be directly elected by territorial constituencies. The drafters had proposed it should be 27 percent.

Mr Cha said: "I'm glad that the New Hong Kong Society which originally supported the Group of 190 proposal has agreed to the consensus. I hope the liberals can also talk to other groups. I will definitely agree to any consensus reached locally.

"I'm also sure the drafters will listen to the wishes of the majority."

"The eight groups have had much stronger mass support than the 700-plus democratic marchers. They all support the proposal in principle, although not in the details."

A deputy secretary-general of the BLDC, Mr Lu Ping, said: "We've said it time and again that the present proposal is not so perfect. Of course, there have to be amendments."

He described as "very significant" the consensus reached earlier by the eight political groups on amendments to the present proposal.

Mr Lu said: "We hope that the Group of 190 can also raise a new proposal. How can we consider their views if they do not give a proposal?"

BLDC Secretary-General Li Hou said: "It's impossible that the final proposal will lean towards one side. Neither the Group of 88 nor the Group of 190. It won't be acceptable to the public. It has to be a middle-of-the-road package."

"The pace of development and the number of directly elected seats in the legislature can be further discussed. Both can be amended at the plenary meeting next month."

Chief Secretary Comments on Political Reform
OW1012153188 Beijing XINHUA in English
1604 GMT 9 Dec 88

[Text] Hong Kong, December 9 (XINHUA)—A senior Hong Kong official stressed that the political reform here should be "gradual, planned and steady," since the majority of the local population want stability above all, the government information services reported here today.

Chief Secretary David Ford told a gathering in New York Thursday that the time is ripe for political reform in Hong Kong, but the overwhelming consensus remains that the reform should be gradual, planned and steady.

"Hong Kong does not want to dive into the deep end of democracy with a sudden, cold shock. It wants to get there by careful, confident strokes," he said.

"That is exactly what we are planning for," he added.

In 1988 two documents—the Hong Kong Government's White Paper on the course of political reform and the first draft of the Basic Law for the Special Administrative Region after 1997—were published and would have a vital bearing on the course of Hong Kong's future development, the chief secretary said.

After the most careful examination of public opinion on the White Paper, it was decided that direct elections to the Legislative Council would not be introduced until 1991, and that the percentage of directly elected seats—10 in a council of 56—should be kept fairly low, he said.

"In the context of Hong Kong's history this will be a very significant development," he said.

"It was not, however, enough to satisfy some people," Ford said.

"Many accusations, mostly wild, flew around: The most pernicious of which was that we had obeyed the British, who had themselves caved in to pressure from the Chinese, who simply did not like anything that smelt of democracy," he said.

"In point of fact none of this was true," Ford said.

"But it is not surprising that the instant democracy lobby were distressed to find that the wind of change was not blowing at quite the speed that they wanted. And that they looked for the conspiracy explanation, ignoring the very obvious reality that is before us all in Hong Kong—that the majority of the population want stability above all," Ford said.

The people wanted the stable environment preserved so that they can continue to develop their business interests, improve their living standards, educate their children and enjoy the fruits of their hard work, he said.

He said the British were not the only ones to appreciate what Hong Kong really wanted.

"The authorities in Beijing have taken their soundings in the territory and are, we believe, coming to conclusions that are similar to our own: That Hong Kong wants to make its way towards a more democratic system of government, but gradually, and above all without disturbing the stability that is essential to the territory's prosperity," he said.

Turning to the first draft of the Basic Law, Ford said: "We must be clear about this: The Basic Law is a piece of Chinese legislation and is their responsibility. [no closing quotation mark as received]"

The Chinese authorities had gone to quite extraordinary lengths to demonstrate their determination to hear the wishes of the people of Hong Kong through a five-month exercise to gather opinions on the first draft, he said.

The second draft of the Basic Law, due to be published sometime in the spring of next year, would be of the utmost importance for confidence among people in Hong Kong, Ford said.

'Alarming Influx' of Illegal Vietnamese Refugees
HK1112011288 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English
11 Dec 88 p 1

[Text] Rumours about favourable treatment of refugees in Hong Kong have sparked an alarming influx of Vietnamese illegal immigrants from China in recent weeks.

A total of 162 Vietnamese illegals have been caught in Hong Kong waters in the past 10 days, compared with 61 for all of last month, 19 in October and three in September.

The government now fears a repeat of last year's crisis which saw more than 7,500 Vietnamese illegals sneak into the territory from state farms in China during the summer months.

"There are signs that the situation may become more serious. We might be in for an influx over the next month or so unless false rumours are scotched," said the government's refugee coordinator, Mr Mike Hanson, yesterday.

He said the current influx had been triggered by rumours about the territory's liberalisation of refugee camps and the possibility of overseas resettlement.

"Rumours spread fast and wide. People write home, information gets picked up by the Chinese press and amplified, giving people wrong impressions of what's going on here," said Mr Hanson.

The new wave of Vietnamese boat people brought the number of ex-China Vietnamese illegal immigrants in Hong Kong to nearly 500 yesterday.

More than 300 of them have been stranded in the territory since last year because their identities had yet to be successfully verified, Mr Hanson said.

Ex-China Vietnamese illegals do not qualify as refugees because they are already resettled in China. They are repatriated as soon as their identities and origins have been verified by Chinese authorities.

They are also treated differently from regular Chinese illegal immigrants, who face prosecution when found in groups of three or more in any place of employment in the territory.

The illegals of Vietnamese origin need to have their identities verified before they can be sent back, and because the process involves correspondence between local and Chinese authorities, it can take days or even months. As a result, some of the 7,500 illegals who arrived last year are still stranded in holding centres in the territory.

Mr Hanson said all those who arrived in the past three months had come from the Liguang Overseas Chinese state farm in Guangxi Province.

Like many others before them, these farm residents sneak into Guangdong first, and then set out by boat from coastal cities in the southern province.

"There is evidence that the trips had been organised," said Mr Hanson.

He said the government would continue to liaise with Chinese authorities to step up control over the smuggling of illegals into Hong Kong.

More than 280,000 ethnic Chinese Vietnamese people settled in southern China in the late '70s, mainly on farms in Guangdong and Guangxi Provinces.

In 1986, only 110 of them came in search of a better life in Hong Kong, but in the second half of last year, hundreds started arriving every day.

Troops, police, immigration officers and voluntary workers from the Civil Aid Services had to be mobilised to look after the thousands of newcomers, and the political adviser, Mr Richard Clift, led a delegation to Guangzhou to speed up their repatriation.

Mr Hanson said the same procedure of repatriation would be used for the recent arrivals.

The illegals are held in Victoria Prison, Kai Tak Vietnamese boat people departure centre, and Green Island reception centre.

Results in 'Combating' Counterfeiting Revealed
OW0912144688 Beijing XINHUA in English
1231 GMT 8 Dec 88

[Text] Hong Kong, December 8 (XINHUA)—Hong Kong has achieved a fruitful result in combatting copyright piracy and counterfeiting, according to a local Customs and Excise Department official.

Addressing a conference at the University of Hong Kong on Wednesday, H.Y. Li said that over 90 percent of the illegal trade had been eliminated in Hong Kong, leaving about less than 10 percent which was now forced to operate underground.

The Customs and Excise Department had made 1,290 seizures of counterfeit and infringing goods last year, 961 persons and firms were prosecuted, and fines amounted to over five million H.K. [Hong Kong] dollars, Li said.

Customs officers raided a computer trading center at Sham Shui Po of Kowloon on several occasions this year resulting in the arrest of 76 people and a seizure of pirated goods and manuals valued at over 15 million H.K. dollars.

"Hong Kong has development [as received] comprehensive laws covering trade marks, trade descriptions, copyright, industrial designs and patents, and has committed substantial resources to their vigorous enforcement," he said.

The effort made in the enforcement of intellectual property laws in Hong Kong had been accorded international acclaim, he noted, adding that the local customs would continue to be on the alert for manufacturers, distributors, importers and exporters of counterfeit and infringing goods.

Government Issues Announcement on Triads
OW0912143588 Beijing XINHUA in English
1201 GMT 8 Dec 88

[Text] Hong Kong, December 8 (XINHUA)—Triad members in Hong Kong now have the chance to renounce their triad involvements and be free from prosecution for previous offences relating to triad membership.

Announcing details of the scheme at a press conference, the principal assistant secretary for security, Miss Nancy Law, said the scheme would allow a triad member or a person, who believed himself to be a triad member, to formally renounce his triad membership, free himself the taint of triad involvement, and start afresh in society.

"The aim of the scheme is not to get information on individual triad members, nor is it an attempt to catch more triad members," she said.

It is estimated that there are 100,000 triad members in Hong Kong and the bulk of them are believed to be active members.

The newly founded Triad Renunciation Tribunal will be responsible for operating the triad renunciation scheme, she said. It is a completely independent body, whose chairman and members are appointed by the governor under a special provision of the Societies Ordinance.

"The tribunal is not linked to either the police or the judiciary. In order to protect the identity of applicants for renunciation, the tribunal's proceedings and records will be kept confidential and records will only be released in specified circumstances," she said.

The tribunal chairman Kenneth Mok said that strict confidentiality would be observed by all members of the tribunal and its staff. "Failure to do so will either be fined of 5,000 H.K. dollars or be imprisoned for six months, according to secrecy provisions," he said.

Having renounced, triad members will be free from prosecution for offences relating to triad membership prior to his renunciation under the Societies (Amendment) Ordinance enacted in July this year.

"But when the police have already begun to prosecute against them for triad involvement, they are too late to come to us to ask for amnesty," he said.

Customs Officers Seize Heroin at Airport
HK1012034388 Hong Kong SOUTH CHINA
MORNING POST in English 10 Dec 88 p 5

[Text] Officers of the Customs Investigation Bureau arrested an airline passenger attempting to smuggle 3.6 kilograms of No. 4 heroin to Australia.

The man was stopped as he was passing through customs at Kai Tak airport with other passengers on a group tour to Australia.

The drugs were wrapped in polythene sheets and carbon paper in two layers hidden beneath the false bottom of a bag.

A spokesman for the Customs and Excise Department said it appeared the drugs had been packed in this way to avoid being detected by X-ray.

The man, surnamed Chau, was 23-year-old and unemployed. He would be charged with possession of dangerous drugs for the purpose of unlawful trafficking.

Customs officers believed the drugs would have fetched a retail value of \$10 million if they had been sold in Australia.

The seizure was the fifth made by customs officers in the last two months from air passengers bound for destinations in Canada, Europe and Australia.

Macao

Currency Exchange Agreement Signed With PRC
HK1112013288 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 11 Dec 88 p 5

[By Adam Lee in Macao]

[Text] Macao and China signed an agreement yesterday allowing the enclave's currency, patacas, to be exchanged in banks and through authorised dealers on the mainland from next year.

A Chinese delegation of the National Foreign Exchange Control Bureau arrived last Monday for meetings with the Macao Issuing Institute on patacas exchange in China.

The signing ceremony was held at the Mandarin Oriental Hotel yesterday morning.

Chairman of the issuing institute's administration council, Dr Antunes Frاسquilho signed the agreement with China's chief of Directorate of Economy of the Foreign Exchange Control Bureau, Mr Zhu Erxin.

Under the agreement, patacas will be accepted by Bank of China branches and authorised dealers all over the mainland at an exchange rate which will be announced later.

The pataca will be exchangeable in China from February 1, 1989.

Mr Zhu said allowing patacas to be exchanged in China would make future travelling on the mainland easier for Macao residents.

More on Agreement
OW1112012788 Beijing XINHUA in English
1554 GMT 10 Dec 88

[Text] Macao, December 10 (XINHUA)—Macao's pataca will be convertible to Chinese renminbi from February 1 next year.

This was contained in an agreement signed here today between foreign exchange administrators of Macao and the Chinese mainland.

Macao's pataca, now pegged with the U.S. dollar at about 7.8 to one, can be converted into renminbi as

other major currencies such as the American dollar, British sterling and H.K. [Hong Kong] dollar.

Officials who signed the agreement did not reveal the exchange rate but it is understood that the exchange operation will be supervised by China's State Administration of Exchange Control and undertaken by the Bank of China.

It is believed that agreement will greatly benefit the economic and trade exchange between the mainland and Macao.

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